

Chairperson: Supervisor Lynne De Bruin  
Clerk: Lauri Henning, 278-4227  
Research Analyst: Rob Henken, 278-4826

## COMMITTEE ON FINANCE AND AUDIT

Thursday, January 17, 2002 - 9:00 A.M.

**Milwaukee County Courthouse - Room 201-B**

### MINUTES

CASSETTE #21 – Side A, #5-END; Side B, #1-END  
CASSETTE #22 – Side A, #1-END; Side B, #1-#273  
CASSETTE #23 – Side A, #1-END; Side B, #1-#555

PRESENT: Supervisors Ryan, Nyklewicz (Excused for Item 20), Krug, Schmitt, Davis & De Bruin (Chair)  
EXCUSED: Supervisor Holloway

### SCHEDULED ITEMS:

#### **\*\* PUBLIC HEARING \*\***

1. 01-727 To consider issuance of General Obligation Bonds:
  - (a) in a principal amount not to exceed \$727,080 for the purpose of financing a security fire/life safety system at the Milwaukee Public Museum;
  - (b) in a principal amount not to exceed \$385,400 for the purpose of financing improvements at the Milwaukee County War Memorial Center;
  - (c) in a principal amount not to exceed \$91,260 for the purpose of financing a visitors' center at the Boerner Botanical Gardens; and
  - (d) in a principal amount not to exceed \$101,260 for the purpose of financing renovation of the Milwaukee County Historical Society building.

21-A-17 **No one appeared.**

\* \* \* \* \*

2. 02-56 Resolution/Ordinance by Supervisors Ordinans, Diliberti, Borkowski, and others, modifying procedures for consideration of collective bargaining agreements by adopting an ordinance amending sections 79.02(1) and 80.04 of the General Ordinances of Milwaukee County. **(Also to Personnel Committee)**

21-A-57 **APPEARANCES:**  
Supervisor Karen Ordinans, County Board Chairman  
Earl R. Hawkins, Jr., Director, Department of Administration

Questions and comments ensued.

**SCHEDULED ITEMS (CONTINUED):**

Supervisor Krug was added as a co-sponsor of the resolution.

The following amendments were submitted:

**BY SUPERVISORS RYAN AND DE BRUIN**

**ADD the following “BE IT FURTHER RESOLVED” clause:**

BE IT FURTHER RESOLVED, that the procedures established herein for consideration of fiscal impacts associated with proposed collective bargaining agreements – namely the review of proposed agreements by the Director of Administration, Director of Audits and County Board staff prior to consideration by County Board committees and review and recommendation to the County Board by the Committee on Finance and Audit – also shall be followed in regard to the consideration of proposed wage and benefit adjustments for non-represented employees.

**BY SUPERVISOR KRUG**

**ADD the following “BE IT FURTHER RESOLVED” clause:**

BE IT FURTHER RESOLVED, that the procedures established herein for consideration of fiscal impacts associated with proposed collective bargaining agreements – namely the review of proposed agreements by the Director of Administration, Director of Audits and County Board staff prior to consideration by County Board committees and review and recommendation to the County Board by the Committee on Finance and Audit – also shall be followed in regard to the consideration of any proposed collateral agreement, side letter or other modification to an existing collective bargaining agreement that is deemed by the Director of Labor Relations – in consultation with the Director of Administration – to have a fiscal impact exceeding \$20,000.

***ACTION BY: (Ryan) approve the subject resolution.***

***ACTION BY: (Krug) approve the two amendments as set forth above. 6-0***

***AYES:*** Ryan, Nyklewicz, Krug, Schmitt, Davis & De Bruin (Chair)-6

***NOES:*** 0

***EXCUSED:*** Holloway

## SCHEDULED ITEMS (CONTINUED):

### Vote on approval of the resolution as amended: 6-0

**AYES:** Ryan, Nyklewicz, Krug, Schmitt, Davis & De Bruin (Chair)-6

**NOES:** 0

**EXCUSED:** Holloway

3. 01-685 From Director of Audits, relative to management controls over Deferred Retirement Option Program (DROP) checks.

21-A-231 **APPEARANCES:**

Jerome J. Heer, Director of Audits

Douglas Jenkins, Deputy Director of Audits

Mr. Heer explained that his department began a review last September after it was alerted to a check for a significant dollar amount by the bank reconciliation unit. That unit brought to his attention a drop check for more than \$400,000 that had been issued to a recent retiree. At that time, he felt it was important to take a look at the process because fundamental accounting controls should be in place.

Mr. Heer proceeded to review the findings as set forth in the subject report, which included the following:

*ERS management and the Pension Board have a fiduciary responsibility for safeguarding the pension fund assets. We believe the following actions need to be taken immediately to strengthen management controls over the individually generated checks:*

- 1. Prepare a policies and procedures manual to include, but not limited to, those procedures used for issuing individually generated checks.*
- 2. Strengthen security over blank checks. Keep them locked at all times, with management responsible for issuing blank checks to ERS staff responsible for preparing payments.*
- 3. Prepare and maintain a log of all blank checks received and issued. On a monthly basis, staff not involved with the check preparation process should account for all blank checks by reconciling them with checks issued and checks outstanding.*
- 4. Do not return checks signed by the Treasurer to the staff person who prepared them. Establish a protocol with the Treasurer's Office to mail the checks directly to the payee.*
- 5. Require the person approving the check register forms to provide the Department of Audit's Bank Reconciliation Unit with copies of these forms for the purpose of reconciling the pension fund's bank account.*

## SCHEDULED ITEMS (CONTINUED):

6. *Institute budgetary controls to prevent overspending pension fund administrative expense accounts without first notifying and obtaining approval from the Pension Board.*
7. *Require staff involved with the check-generating process to take mandatory vacations (five consecutive working days minimum).*

*The County's Advantage financial package already provides the necessary controls for individual disbursements that would negate the need for implementing Recommendations 2-7. We recognize that concern exists over the need for the ERS to maintain its independence from County involvement with its mandate to represent the interests of County pensioners. However, we believe that use of the Advantage computer system would not breach that independence status. The fact is, ERS already uses the County's GENESYS computer system for annually making approximately 78,000 disbursements for over \$85 million in pension benefits. Using Advantage would simply be an extension of a practice that already exists for the sole purpose of better safeguarding pension fund assets. Therefore, we recommend that, as an alternative to implementing Recommendations 2-7:*

8. *Explore the potential for improving controls over individually prepared checks by having them issued via the County's Advantage financial accounting system. The use of Advantage would enhance segregation of duties, eliminate the need for handling blank checks, limit possible loss by establishing budgetary controls, and avoid duplicate accounting system costs.*

Mr. Heer advised that initially there was some resistance on the last recommendation; however, in December, the Pension Board voted affirmatively to implement all of the recommendations. He recommended that the Committee treat this as it would normally treat an audit by receiving and placing on file the review with a follow-up in six months on the progress of implementing the above recommendations.

In response to a query by Chairman De Bruin regarding the timeline for *Recommendation 8*, Mr. Heer replied it should be targeted for the 2003 budget. In the meantime, the Pension Board has committed to implementing *Recommendations 1-7*, which will greatly enhance the controls until the system can be transitioned to the County system.

Chairman De Bruin said she would feel comfortable with that approach if the Department of Audit followed the matter very closely in the next few months. Mr. Heer replied that he would be happy to check and report on a monthly basis and would work with the Pension Board and the Department of Administration to implement *Recommendation 8*. If any problems arise, he will advise the Committee.

SCHEDULED ITEMS (CONTINUED):

A lengthy discussion ensued.

***ACTION BY: (Ryan) receive and place on file with the understanding that monthly status reports will be provided by the Director of Audits, including statistical information relating to retirements which is prepared on a monthly basis by the Employee Retirement System (ERS) office for the Pension Board. 6-0***

**AYES:** Ryan, Nyklewicz, Krug, Schmitt, Davis & De Bruin (Chair)-6

**NOES:** 0

**EXCUSED:** Holloway

4. 01-625 Resolution by Supervisors White, Coggs-Jones, Mayo and Johnson, to provide the sum of \$17,250 to the African American Coalition for Empowerment for services rendered during the redistricting process. **(RESPONSE FROM CORPORATION COUNSEL) (LAID OVER 10/25/01)**

21-A-598 ***ACTION BY: (Davis) approve. 1-5 (FAILED)\****

**AYES:** Davis-1

**NOES:** Ryan, Nyklewicz, Krug, Schmitt & De Bruin (Chair)-6

**EXCUSED:** Holloway

***\*This item will be reported to the County Board with a recommendation to REJECT.***

5. 02-75 Resolution by Supervisor Quindel, authorizing and directing the Director of the Department of Parks, Recreation and Culture to complete a cost-benefit analysis for future capital improvement projects. **(Also to Parks, Energy and Environment Committee)**

21-A-610 ***ACTION BY: (Ryan) concur in the action of the Parks, Energy and Environment Committee, on January 15, 2002, to refer this resolution to the Parks Department and County Board staff. 6-0***

**AYES:** Ryan, Nyklewicz, Krug, Schmitt, Davis & De Bruin (Chair)-6

**NOES:** 0

**EXCUSED:** Holloway

6. 02-37 From the District Attorney, requesting creation of a half-time Paralegal position to expand the project manager position for the Community Conferencing program from part-time to full-time. **(Also to Personnel Committee and Departments of Administration and Human Resources) (REPORT FROM DOA)**

**SCHEDULED ITEMS (CONTINUED):**

21-A-615 **APPEARANCE:**  
James Martin, Deputy District Attorney

***ACTION BY: (Krug) approve the said request, effective February 4, 2002, as recommended by the Department of Administration with said position asterisked to be abolished when grant funding is no longer available. 6-0***

**AYES:** Ryan, Nyklewicz, Krug, Schmitt, Davis & De Bruin (Chair)-6

**NOES:** 0

**EXCUSED:** Holloway

7. 02-47 From Administrator-Support Services, House of Correction, requesting that the Superintendent of the House of Correction be added to the list of employees authorized to garage a Milwaukee County vehicle at home.

21-A-620 **APPEARANCES:**  
Ken Goegeline, Administrator-Support Services, House of Correction  
Dennis Weedall, Deputy Director of Parks, Recreation and Culture

Questions and comments ensued.

***ACTION BY: (Krug) approve. 5-1***

**AYES:** Nyklewicz, Krug, Schmitt, Davis & De Bruin (Chair)-5

**NOES:** Ryan - 1

**EXCUSED:** Holloway

8. 01-738 (a) An adopted resolution authorizing the Director, Department of Administration, and the County Treasurer to report back for review in the January 2002 committee cycle on the feasibility and cost of conducting payroll deductions to permit county employees to purchase paving bricks or to donate towards the erection of a statue at the Sheriff's Training Academy and for the collection of funds to finance a trust account dedicated to the maintenance of a memorial garden and statue. *(Adopted 12/20/01)* **(RESPONSE FROM DOA AND TREASURER)**

21-A-673 **APPEARANCES:**  
Scott Manske, Controller  
Mary Reddin, Assistant Manager, Information Management Services Division  
Captain Gary Kasza, Sheriff's Department

Mr. Manske advised that the estimated cost to implement a payroll deduction within the payroll system is \$10,800.

**SCHEDULED ITEMS (CONTINUED):**

A lengthy discussion ensued.

***ACTION BY: (Krug) lay over the response from the Controller and Treasurer at this time.***

It was noted that if this initiative were to move forward, the Committee would need to know what other IMSD initiatives would be prioritized at a lower level. Chairman De Bruin encouraged the authors of the adopted resolution to proceed in whatever manner they determine.

**Vote on lay over: 6-0**

**AYES:** Ryan, Nyklewicz, Krug, Schmitt, Davis & De Bruin (Chair)-6

**NOES:** 0

**EXCUSED:** Holloway

9. 01-1/02-1 Fund Transfers.  
**A1)-A3) Departmental-Receipt of Revenue (2001)**  
**B1)-B2) Departmental-Receipt of Revenue (2002)**  
**C1)-C2) Unallocated Contingent Fund (2001)**  
**D1) Capital Improvement (2002)**  
**E1) Departmental-Capital Outlay (2001)**  
**F1) Departmental (2001)**

21-B-163 Questions ensued.

***ACTION BY: (Nyklewicz) approve the aforesaid fund transfers. 6-0***

**AYES:** Ryan, Nyklewicz, Krug, Schmitt, Davis & De Bruin (Chair)-6

**NOES:** 0

**EXCUSED:** Holloway

10. 01-432 From Director, Department of Administration, requesting authorization to create a  
(a)(a) trust fund for the 2003 National Association of Counties (NACo) Annual Conference to be held in Milwaukee.

21-B-271 **APPEARANCES:**  
Mary Reddin, Assistant Manager, Information Management Services Division  
Dorothy K. Dean, Treasurer  
Scott Manske, Controller

Questions and comments ensued.

**SCHEDULED ITEMS (CONTINUED):**

***ACTION BY: (Davis) approve. 6-0***

***AYES:*** Ryan, Nyklewicz, Krug, Schmitt, Davis & De Bruin (Chair)-6

***NOES:*** 0

***EXCUSED:*** Holloway

11. 01-635 From Director, Department of Administration, Director of Audits and Director of  
(a) County Board Research, regarding creation of a tax stabilization fund for Milwaukee County. *(Submitted pursuant to Resolution File No. 01-635, adopted 11/1/01.)*

21-B-368 ***APPEARANCES:***  
Scott Manske, Controller  
Jerome J. Heer, Director of Audits

Mr. Henken summarized the subject report and recommendations. He indicated establishing a tax stabilization fund would provide another tool for the County to place funds into reserve. It complements the two existing tools, i.e. Appropriation for Contingencies and Debt Service Reserve.

In addition to recommending creation of a tax stabilization fund, Mr. Henken noted the report also recommends that the Finance and Audit Committee direct the Department of Administration, Department of Audit and County Board staff to form a work group to examine and recommend proposed changes to Section 59.60 of the Wisconsin Statutes.

Questions and comments ensued.

***ACTION BY: (Nyklewicz) refer to Corporation Counsel and Bond Counsel to get clarification on the relationship between the emergency spending provisions in Section 59.60(9) of the Statutes and the new Section 59.60(13), as well as to comment on any other legal problems associated with enactment of a tax stabilization fund.***

***Supervisor Ryan also felt it would be wise to have some kind of written explanation from the State as to their interpretation of the Statutes.***

Mr. Heer replied that the State's Legislative Reference Bureau might be able to provide such an explanation or the Attorney General's office could define the Statutes. He indicated that our attorneys could look at the Statutes and any decisions that have been made regarding them. During their research, they could also talk to attorneys from the State. The attorneys should be asked to review



**SCHEDULED ITEMS (CONTINUED):**

past or current State interpretation of that particular statute.

***At the request of Supervisor Ryan, Supervisor Nyklewicz included the above request in his referral motion.***

**Supervisor Krug commented that the City of Milwaukee should be contacted to see how they have used their tax stabilization fund over the years.**

**Vote on referral: 6-0**

**AYES:** Ryan, Nyklewicz, Krug, Schmitt, Davis & De Bruin (Chair)-6

**NOES:** 0

**EXCUSED:** Holloway

12. 02-72 From Controller, requesting approval of the revision to Chapter 5 of the General Ordinances of Milwaukee County relative to the rate of reimbursement for business use of a personal vehicle by authorized employees.

21-B-600 **APPEARANCE:**  
Scott Manske, Controller

**SUPERVISOR RYAN IN THE CHAIR.**

***ACTION BY: (Krug) approve. 5-0***

**AYES:** Nyklewicz, Krug, Schmitt, Davis & Ryan (Chair)-5

**NOES:** 0

**EXCUSED:** De Bruin & Holloway

13. 97-468 From Director, Department of Administration and Corporation Counsel,  
(a)(b) requesting authorization to increase the contract with Foley & Lardner, Weissburg & Aronson by \$50,000 from \$150,000 to \$200,000 to represent Milwaukee County in matters relating to John L. Doyne Hospital.

21-B-610 **SUPERVISOR RYAN IN THE CHAIR.**

**APPEARANCE:**  
Scott Manske, Controller

Mr. Manske explained the subject request.

***ACTION BY: (Schmitt) approve.***

Questions and comments ensued. Supervisor Davis asked Mr. Manske for a

## SCHEDULED ITEMS (CONTINUED):

written explanation on why there is no DBE component in this contract.

### Vote on approval: 6-0

**AYES:** De Bruin, Nyklewicz, Krug, Schmitt, Davis & Ryan (Chair)-6

**NOES:** 0

**EXCUSED:** Holloway

14. 02-65 From Director of County Health Related Programs, requesting retroactive authorization to submit a joint grant request to the American Legacy Foundation for the purpose of addressing disparities of smoking cessation services for individuals in the General Assistance Medical Program by Milwaukee County and the Medical College of Wisconsin, Center for Healthier Communities and, if awarded the grant, to accept the funds and to execute a formal agreement with the Medical College of Wisconsin for cessation and evaluation services. **(Also to Health and Human Needs Committee)**

### **SEE ACTION UNDER ITEM 16.**

15. 02-66 From Director of County Health Related Programs, requesting authorization to submit a funding request to the Department of Health and Human Services, Health Resources and Services Administration, Community Access Program, for the General Assistance Medical Program and to accept funds if successful in the award. **(Also to Health and Human Needs Committee)**

### **SEE ACTION UNDER ITEM 16.**

16. 02-67 From Director of County Health Related Programs, requesting authorization to submit a joint grant request to the Pfizer Foundation Health Literacy Community Grants Program for the purpose of addressing health literacy and understanding for individuals in the General Assistance Medical Program by Milwaukee County and Polly Ryan, Ph.D. and, if awarded the grant, to accept the funds and to execute a formal agreement with Dr. Polly Ryan for evaluation services, Marquette University for research assistant support and Keane Consulting for I.S. Technical Development Services. **(Also to Health and Human Needs Committee)**

### 21-B-743 **APPEARANCES:**

Paula Lucey, Director of County Health Related Programs  
Joseph Cooper, Account Manager, County Health Related Programs

### **ACTION BY: (Krug) approve Items 14, 15 and 16. 6-0**

**AYES:** Ryan, Nyklewicz, Krug, Schmitt, Davis & De Bruin (Chair)-6

**NOES:** 0

## SCHEDULED ITEMS (CONTINUED):

**EXCUSED:** Holloway

17. 01-421 A. From Director of Audits, regarding Audit of Wraparound Program, dated  
(a)(a) January 2002. **(Also to Health and Human Needs Committee)**

22-A-15 **APPEARANCES:**

Jerome J. Heer, Director of Audits  
Gennie Kocourek, Manager, Information Management Services Division  
Scott Manske, Controller  
Bruce Kamradt, Director, Children's Mental Health Services  
Kathie Eilers, Administrator, Behavioral Health Division  
Ralph Hollmon, Director of Human Services

Mr. Heer reviewed the audit report and recommendations.

Chairman De Bruin pointed out that *Recommendation 5* calls for adoption of an ordinance specifically requiring individual County departments to obtain advance input and approval for all substantive IT system initiatives and modifications from IMSD.

Mr. Heer indicated that such an ordinance has yet to be drafted. He further indicated there might be a need for an additional ordinance that would provide that findings of external audits be shared with Milwaukee County. He would like to work with County Board staff to develop that ordinance.

Chairman De Bruin asked Mr. Kocourek to report back within the next couple of cycles on whether there is agreement within the administration as to how overhead charges are going to be appropriated to specific departments. She also asked for a follow-up report from the Behavioral Health Division regarding the misbillings in 2001 and changes being made to recoup those and make sure it will not happen in 2002.

Questions and comments ensued at length.

***ACTION BY: (Ryan) receive and place on file the audit, with the understanding that a status report be submitted in six months by the Director of Audits regarding progress on implementation of audit recommendation [as also recommended by the Health and Human Needs Committee on January 16, 2002]. 6-0***

**AYES:** Ryan, Nyklewicz, Krug, Schmitt, Davis & De Bruin (Chair)-6

**NOES:** 0

**EXCUSED:** Holloway

**SCHEDULED ITEMS (CONTINUED):**

- 02-73      B. Resolution by Supervisors Davis, Quindel, De Bruin, Ryan and Arciszewski, authorizing and directing the Department of Administration, Department of Audit and County Board staff to develop and recommend an administrative procedure for all County departments that would establish a formal advance approval process, involving the sign-off of a superior, for any consulting engagements that have any potential connection, real or perceived, with a County employee's job responsibilities. **(Also to Committee on Health and Human Needs)**

22-B-112    **APPEARANCES:**

Jerome J. Heer, Director of Audits

Jim Hill, Deputy Director of Human Services

Questions ensued.

**ACTION BY: (Krug) approve. 6-0**

**AYES:** Ryan, Nyklewicz, Krug, Schmitt, Davis & De Bruin (Chair)-6

**NOES:** 0

**EXCUSED:** Holloway

**12:00 P.M.**

18. 01-727    Recommendation from the Department of Administration relative to bid award for  
(a)            the sale of \$41,225,000 General Obligation Corporate Purpose Bonds, Series 2002A.

**NOTE:**      ***The Bid Opening will take place at 10:00 a.m. in Room 203-P of the Milwaukee County Courthouse.***

22-A-622    **APPEARANCES:**

Pamela Bryant, Capital Planning Manager

Wayne Burggraaff, Evensen Dodge (Financial Advisor)

A total of six bids were received (all of them submitted electronically). The bids are as follows:

Lehman Brothers: 4.198716% Net Interest Rate

Salomon Smith Barney, Inc.: 4.223947% Net Interest Rate

Bear, Sterns & Co., Inc.: 4.256918% Net Interest Rate

Merrill Lynch & Co.: 4.262743% Net Interest Rate

RBC Dain Rauscher: 4.281450% Net Interest Rate

**SCHEDULED ITEMS (CONTINUED):**

Stephens, Inc.: 4.336529% Net Interest Rate

***ACTION BY: (Krug) approve the resolution accompanying the DOA report, dated January 17, 2002, awarding the sale of \$41,225,000 General Obligation Corporate Purpose Bonds, Series 2002A, to Lehman Brothers at a net interest dollar cost of \$14,557,693 and a net interest rate of 4.198716%. 6-0***

**AYES:** Ryan, Nyklewicz, Krug, Schmitt, Davis & De Bruin (Chair)-6

**NOES:** 0

**EXCUSED:** Holloway

**It should be noted that the authorizing resolutions adopted by the County Board on December 20, 2001 delegated the authority to the Finance and Audit Committee to award the sale of the aforesaid bond issue.**

**Addendum Items**

19. 02-79 Resolution by Supervisors De Bruin, Ryan, Schmitt, and others, authorizing and directing the Department of Administration to prepare a report that shall include information regarding those departments that have been, or expect to be, hardest hit by a large number of retirements in 2002 and further authorizing and directing the Department of Audit to conduct a review of the organizational structure of certain County departments.

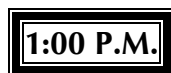
22-B-234 **APPEARANCE:**  
Earl R. Hawkins, Jr., Director, Department of Administration

***ACTION BY: (Ryan) approve. 6-0***

**AYES:** Ryan, Nyklewicz, Krug, Schmitt, Davis & De Bruin (Chair)-6

**NOES:** 0

**EXCUSED:** Holloway



20. 02F1 Verbal report from William Mercer, Inc. on the process involved regarding their actuarial analysis of the 2001-2004 benefit package for certain County employees.

Tape 23  
Sides A  
and B **APPEARANCE:**  
Dennis Skelly, William Mercer, Inc.

**See attached transcript.**

**SCHEDULED ITEMS (CONTINUED):**

**DEADLINE**

*The deadline for items for the next regular meeting (February 14, 2002) is Friday, February 1, 2002. **All items for the agenda must be in the Committee Clerk's possession by the end of the business day on FRIDAY, FEBRUARY 1, 2002.***

*ADA accommodation requests should be filed with the Milwaukee County Executive Office for Persons with Disabilities, 278-3932 (voice) or 278-3937 (TTD), upon receipt of this notice.*

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**STAFF PRESENT:**

Terry D. Kocourek, Fiscal and Budget Administrator  
Terrence D. Cooley, Assistant Fiscal and Budget Administrator  
Maureen Murphy, County Executive's Office  
Jerome J. Heer, Director of Audits  
Rob Henken, Fiscal and Budget Analyst

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This meeting was recorded on tape. Committee files contain copies of communications, reports, resolutions and/or ordinances, which may be reviewed upon request to the Chief Committee Clerk. The official copy of these minutes is available in the County Board Committee Services Division.

Length of Meeting: 9:05 a.m. to 11:55 a.m.

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Adjourned,

*Lauri Henning*

Lauri Henning, Chief Committee Clerk  
Committee on Finance and Audit

**MILWAUKEE COUNTY BOARD OF SUPERVISORS  
FINANCE AND AUDIT COMMITTEE MEETING OF JANUARY 17, 2002  
TRANSCRIPT OF ITEM 20  
[Cassette #23, Sides A and B]**

***Verbal report from William Mercer, Inc. (Dennis Skelly) on the process involved regarding their actuarial analysis of the 2001-2004 benefit package for certain County employees.***

CHAIRMAN LYNNE DE BRUIN:

Good afternoon everyone. This portion of the Finance and Audit Committee meeting will consist of a verbal report from Mr. Dennis Skelly of the actuarial firm William Mercer Inc. on the process involved regarding their actuarial analysis of the 2001-2004 benefit package for certain County employees. Mr. Skelly has graciously agreed to present this information to us and to the public, in this format, and to respond to questions from members of the County Board of Supervisors. I have also asked Mr. Rob Henken, chief of the County Board's research staff, as well as Mr. Jerry Heer, Director of the Department of Audit, and Ms. Mary Ann Grimes, Corporation Counsel, to respond to questions and ask questions that they may have during this meeting.

We were all surprised to read in yesterday's newspaper that the County Executive and his staff had asked Mr. Skelly's firm to do additional analysis regarding Section 415 of the IRS code. We are asking Mr. Skelly here today, not to engage in finger pointing, but to gain a better understanding of the firm's role in developing and sharing information that is relevant to the issues that come before this policy making body.

The Finance and Audit Committee is responsible for the development of fiscal policy. It is our intent to utilize the information we learn today to assist us in recommending how Milwaukee County's negotiation process should be changed so that the fiscal impacts of negotiations are assessed in a timely, thorough and responsible manner before negotiations begin, before negotiations conclude and before the adoption of benefit changes or ratified employee contracts. Given all that has taken place in the past few weeks, it is clear that revised fiscal estimates need to be provided by William Mercer Inc. A letter has been signed by the members of this committee to Mr. Jeremiah Hegarty of the Pension Board and will be forwarded probably at the end of the day today if not the next day. That information requesting any updated fiscal information will be available for the February cycle.

Mr. Skelly, welcome to the committee meeting and again I appreciate your willingness to come and attend this meeting and help the members of the legislative body better understand the role that your firm has had in the development of these estimates and how the process has gone from here. And, as I stated just a few moments ago, the purpose is to help this committee make some policy recommendations to the Board as to how the process can be firmed up in the future. So, we appreciate your attendance this morning.

Would you please begin by outlining for the committee your firm's and your overall role in the determination of the estimates and the assumptions and the other information your firm provided to Milwaukee County during the negotiations process.

DENNIS SKELLY:

If I could just speak generally to the process that we go through. We are employed by the Pension Board, the Milwaukee County Pension Board, to determine the required contributions to the plan when the benefits provided by that plan have been determined. So the Pension Board is responsible for investing the money in the fund, they are responsible for making sure that the fund is adequate, that sufficient

amounts of money are in there to pay the benefits. We serve in our role in assisting them in that capacity. We also, in our contract with the Pension Board, are asked to, as we get specific requests from other County groups, to request cost information, financial information on potential changes in the benefits provided by the plan. Our contract with the Pension Board says that we can go ahead and respond to those specific financial inquiries that we get from other County bodies.

So, in the collective bargaining process, what happens is we get a request for a specific change in the benefit formula or in the eligibility or in ways that service or earnings are calculated under the plan. We then respond to those specific requests with our estimate of the impact on the plan's required contributions of those potential changes.

DE BRUIN:

Thank you Mr. Skelly. Can you briefly go through how this process took place in the last couple of years, for this negotiated package, whether or not the process that was embarked upon was basically kept your role the same as in previous negotiations or was it different this time, were you fielding more requests from County government or other entities for information this time around?

SKELLY:

I believe that the process started right around the beginning of the year 2000. Late '99 I think that we were given the first request of a round of proposed changes which included quite a number of different changes and, over the next probably 18-month period from there, I am guessing that we had in excess of 20 or 30 different requests for a series of changes in the plan provisions. So, it differed from previous times maybe in that there were more options looked at for potential changes.

DE BRUIN:

Can you give us an idea of some of the types of questions or types of estimates that you were asked to provide with some of the specific components of the pension plan such as the back drop provision or sick leave or were they estimates of the varying assumptions as to how many individuals used the plan or combinations, Mr. Skelly.

SKELLY:

Yes. A number of the requests were regarding the benefit formula itself, which at that time was the basic formula was 1½% for people that were hired I believe after January 1, 1982, who became members in the system after that date and a 2% formula for members who became County employees prior to 1982. The request was what would happen if those two groups each had their formula increased by ½% so that 1½% people would become 2% and the 2% group would become 2½% and that's the formula that applies to most of the people in the plan. There are differences in the formula for elected officials, for deputy sheriffs, for some groups within the plan. I'm speaking in the formula that applies to most of them.

There were also requests for changes in the vesting rules under the plan, the time in which people would become vested. There were requests for changes in the cost of living adjustment that is provided to people who, after they retire, there is a cost of living adjustment of 2% that is applied to the benefit annually. There were a number of questions what if that was 3%, what if it was compounded annually rather than simple compounding. So, there were a number of requests like that.

Relative to the sick pay, I believe that the request was made as to what would happen if the sick pay change was done so that rather than the retirement leave system that was in place that sick pay would be paid out at the time that someone left employment. But, as a result of that, they would not get that additional service credit under the plan that they would have received had they stayed on retirement leave for two months or whatever period of time it took to use up that accrued sick leave. That was



looking at the current formula for, or the then current formula for sick leave and how this change in treatment under the pension plan would occur that still had the old rule of 400 hours I believe it was. There was not a request to look at what happens if we change the 400 hours, rather it was what if we change the treatment of the 400 hours was the request that we were costing at that time.

There was also I guess a change, looking at changes in the five-year period over which average earnings are calculated at the time people retire again with different treatment for people who became members before and after 1982.

To my memory, I think that was all of the things that we were requested to cost out, were variations of that. One additional one that comes to mind, there was a question of should we provide a lump sum benefit that would be something like \$1000 for each year that someone had been a member in the system. That was one of the things that we were asked to cost out.

DE BRUIN:

So the lump sum provision, there were several different models proposed or asked for you to take a look at in addition to the one that was approved?

SKELLY:

The only one I recall was a lump sum of \$1000 for each year of service in the system that would be paid at retirement.

DE BRUIN:

Did you do some analysis of that, the \$1000 per year of service lump sum?

SKELLY:

Yes.

DE BRUIN:

How did that compare to what we eventually passed as the lump sum provision? Were you asked to do a comparison between this one as well as the one that eventually became in the package?

SKELLY:

No.

DE BRUIN:

I am assuming you were asked to do the lump sum package provision estimates as well.

SKELLY:

The lump sum back drop?

DE BRUIN:

Yes, the back drop, excuse me.

SKELLY:

We were asked to cost out the lump sum back drop late in 2000. The \$1000 that I was talking about was sometime, as I recall, in the spring, early summer of 2000.

DE BRUIN:

Okay. So the request for the \$1000 lump sum provision was earlier before negotiations really took off and before the package was adopted versus the request for the fiscal note on the lump sum provision that became part of the package was not asked of your firm until you said late 2000?

SKELLY:

Right.

DE BRUIN:

Would it be fair to say November or December, is that what you mean by late?

SKELLY:

Yes. We responded in a letter dated January 15<sup>th</sup> or 16<sup>th</sup> of 2001.

DE BRUIN:

Okay. So that was your first response.

SKELLY:

Yes. So I am guessing that the request was in December.

DE BRUIN:

Do you remember where the request came from? Was it from the Department of Administration? Was it from the Pension Board? Where did that come from?

SKELLY:

It came from Mr. Dobbert.

DE BRUIN:

Okay. Were there any other provisions of the benefit package that you would normally provide a fiscal note for that you were – I'm going to rephrase this. The lump sum provision was a major provision in the package, a major change in the pension package. Were there any other changes in the pension package that you were asked to do that eventually passed that you were asked to do the fiscal notes for? The sick leave provision? Any of the other provisions? The five-year vesting? You actually went through all those other ones and did estimates for the cost of those items?

SKELLY:

Yes. For the things that were adopted in the October timeframe, we did cost estimates for the, there were a couple of changes in the formula and changes in the vesting and changes in the average earnings period, yes we did cost calculations for those prior to the October Pension Study Commission meeting but not for the back drop nor I believe did we have anything for the sick pay changes and the cost calculations we were doing at that time.

DE BRUIN:

At this point, how would you characterize the relative cost of the sick pay provisions and the back drop provisions to the other provisions that you were asking to put estimates for. Are these the higher cost provisions? Are they ones that you would normally expect to have a question on as far as, or to be asked to research on the County's behalf?

SKELLY:

They would be smaller than some of the other, focusing on the back drop provision, the cost of that is smaller, according to our calculations, than some of the other changes that were included in the package. The cost of it is not insignificant, but it was not the largest cost item in the package.

DE BRUIN:

So, just to make sure that I am accurate, the other provisions you were asked to cost out, the two that you weren't until after October was the sick leave and the lump sum, correct? Have you estimated the sick leave? Have you been asked to do that?

SKELLY:

No.

DE BRUIN:

Okay. So, to this date, there has not been a request to do that?

SKELLY:

And my memory on that isn't completely clear because, like I said, early in 2000 we did do some estimates of changing the sick leave, but my recollection is that that was just changing how the sick leave would be paid out, not changing the amount of the sick leave that could potentially be paid out by eliminating the 400 hour limit.

DE BRUIN:

I do have a series of questions and I don't mean to cut off my colleagues if there is a question that you wish to have a direct relates with, we will try this as we go.

When you were asked to do the lump sum in November or December, were there parameters given or were you ever asked to calculate back drop figures for specific classes or groups of types of County employees. In other words, not just the overall cost, but if certain administrators got this versus union employees or different cohorts? Do you understand what I am asking, Mr. Skelly?

SKELLY:

Yes I understand and the answer, I think, is no. The only thing that we were asked is what if this provision applies to everyone other than the deputy sheriffs because I believe they were still in negotiations at the time. So, the question was what if this applies, if this provision applies to everyone else in the system.

DE BRUIN:

Back in October of 2000 prior to the adoption of the union contracts, I had a conversation with Mr. Dobbert in which I asked for a calculation of the cost of the back drop provision. Mr. Dobbert responded at the time, this is October, that it was not possible for the actuaries to estimate the provision's cost for several months, that the provision could not be estimated until after the passage of the package. Did Mr. Dobbert ever ask you in October or tell you that there had been a request to calculate it and was there ever a response from your firm saying it was not possible to estimate the cost?

SKELLY:

I don't believe we were asked to calculate it.

DE BRUIN:

Is there any reason why you couldn't have come, the firm could not have come up with estimates in October that they could have come up with in November or December?

SKELLY:

No. I mean as we got closer to, it was in December of that year when the Pension office started to develop their systems and software to do the actual calculations. So it was at that point that it became easier to see what the impact might be and when we started to formulate our assumptions as to how we would even do the calculations. I mean at that point we had not thought about how we would go about costing that benefit since it was a new benefit provided in the plan.

So, in the December timeframe, we could probably do a better estimate than we would have been able to do earlier, but there was nothing preventing us from doing some of estimate earlier.

DE BRUIN:

This is the Finance and Audit Committee and Finance and Audit is not normally a part of the negotiation process. The fiscal decisions in the bargaining process are typically included in the Personnel Committee and discussions actually happen within administration and leadership in County government prior to even hitting the Personnel Committee. So, this Committee [Finance and Audit] is not going to be as in-depth aware of all the bargaining processes and all of the roles that the different players have in that process. So, I am asking this question in part because of that issue.

Can you give me a better idea as to how you would characterize the information that you were asked to obtain in this bargaining process versus past bargaining processes. In your mind, is it they basically asked for the same type of fiscal information that they normally would have, or did you have more requests than usual? Can you help us understand, I guess, how involved your firm normally is when we do these type of packages.

SKELLY:

Well, I think this, as I said before, this past bargaining we were asked for many more requests, there seemed to be a lot more options on the table than I recall from previous bargaining situations. But, the nature of the information we were asked to provide was substantially the same.

DE BRUIN:

Was this information provided in writing?

SKELLY:

Generally, yes. There might have been some occasions where it would be done versus via e-mail when time was of the essence, but generally we wrote letters or memos.

DE BRUIN:

The other, oh sure, Supervisor [Linda] Ryan.

RYAN:

In follow up to that, that memo was then or that letter was then sent to?

SKELLY:

Usually to Gary Dobbert.

DE BRUIN:

The January 16<sup>th</sup> letter that was to Mr. Dobbert correct?

SKELLY:

Yes.

RYAN:

Well, but your other correspondence was then sent to Mr. Dobbert too?

SKELLY:

Yes.

DE BRUIN:

The fiscal notes provided by your firm are based on the assumptions of all the variables involved. For example, how many employees are eligible, how many will choose to take the provision, etc.? Was your firm or were you ever asked to help develop what the assumptions would be?

SKELLY:

Yes. When it came time in that to when we were working to prepare that January 16<sup>th</sup> letter, we had to make assumptions as to how which retirees would take which options so that we could do the cost calculations. So at that point we had to come up with some assumptions and that's what we did.

DE BRUIN:

So, your firm came up with the assumptions that you utilized in the January 16<sup>th</sup> letter. Would that be such as 25% of the employees eligible might use those?

SKELLY:

Yes, that was our assumption.

DE BRUIN:

If I am remembering correctly, it was also Mr. Dobbert's assumption earlier on, much earlier on in the bargaining process. Do you know if he, did you have a conversation with him before that provided that information to him?

SKELLY:

Not that I recall.

DE BRUIN:

Okay. Supervisor Ryan.

RYAN:

Thank you. The assumption of the 25%, was that your calculation based on knowing our employees and their length of service, etc., and the climate in Milwaukee County, or was that a number that was given to you, I guess what I am asking is the 25% that you used independent?

SKELLY:

That is a number that I personally came up with just based on my knowledge of the system and knowing what the options people might have available and thinking about how many of them might choose to take a lump sum and get a smaller annuity as a result of that. So, that was my assumption.

DE BRUIN:

I had a different understanding of how the assumptions were developed so I am just kind of retooling here. I had thought that the assumptions were developed by our DHR [Department of Human Resources] staff who then contacted you and told you what the assumptions would be and then you calculated it. It looks like it is a little bit different. But, I do remember that Mr. Dobbert apparently told several

Supervisors in October of 2000 that, while no formal calculations had been performed regarding the back drop, he and his staff believed that the cost would be minimal. And, the fiscal notes of some of the resolutions that came to the County Board listed the back drop cost as minimal. Did he ever consult with you in October or before that regarding that preliminary assumption?

SKELLY:

No. But, maybe I could shed a little, if I could shed just a little light on that. I think if you look at the design of the back drop and kind of what it is saying is that for someone who could have retired some time ago, a couple of years ago, and who chose not to but rather who chose to stay working, the question is well what would I have gotten had I retired two years ago and what the back drop is intended to do is say well we will treat you as if you retired two years ago, or whatever the time period is that's selected, we will go back and look at what those payments would have been over that two-year period, we will accumulate those with interest, we will give you that amount as a lump sum for those payments that you could have had and then you will get going forward the smaller annuity amount based on what you would have had if you retired two years ago. So, if you think about it from just a straightforward viewpoint, you might think that we funded this person's benefit up to the point at which they could retire. This person could have retired two years ago or three years ago or five years ago. We are going to assume that they did, give them the payments they would have missed. That in some ways feels like it should be cost neutral. And I think that was the conclusion that was reached erroneously, but I think that was the logic that was used to make the statements that this has a negligible or no fiscal impact or whatever the exact statement that was made.

DE BRUIN:

Were you ever asked to calculate the increase in respect to contribution by Milwaukee County to the Employee Retirement System as a result of these changes?

SKELLY:

Not until that late December approximate timeframe.

DE BRUIN:

Okay.

SUPERVISOR [LORI] LUTZKA:

In December of 2000?

SKELLY:

2000.

DE BRUIN:

In your experience with back drop provisions, are the assumptions that you used in that provision typical for assumptions that have been developed for other back drops in other areas of the country, or would you classify these assumptions as conservative or liberal, or, I guess, how would you characterize the assumptions that we chose to utilize in the fiscal estimates for this provision in particular?

SKELLY:

I'm not sure how to characterize them. There are not very many back drop plans among public funds in the country. There are drop plans, which back drop is a variation of a drop plan. There are very few back drop plans. At the time I was selecting the assumptions, I was not able to find within our firm experience that would tell me what the typical assumptions would be. So, I can't characterize them as conservative or liberal relative to what other assumptions. So, they were just our best guess as to what we thought, based on our knowledge of the system.

DE BRUIN:  
Okay. Supervisor Ryan.

RYAN:  
And did you convey that information to Mr. Dobbert?

SKELLY:  
I don't recall what exactly what was conveyed. I think when we determined the cost impact we spelled out here are the assumptions that we used, we believe this is our best estimate of the experience that we expect to evolve. This was December of 2000 and no one had retired under the back drop provisions yet because it didn't go into effect until 2001. So I am guessing that our letter said that these are our best estimates but I don't know that we, how much detail we gave as to how we came up with those assumptions.

DE BRUIN:  
Going back, a little bit of the timing, and I may be remembering your answer incorrectly and please let me know if I am, the majority of the estimates that you were asked to provide were the ones that came in November and December of 2000 and then you responded to in the January 16<sup>th</sup> letter of 2001, correct? Or were there other, some of the other provisions you were asked to cost out earlier?

SKELLY:  
No, that was not correct. We started doing early in 2000, January or February of 2000 was the first set of changes that we were asked to do.

DE BRUIN:  
Okay. So the provisions that were the subject of the January 16<sup>th</sup> letter were basically the back drop.

SKELLY:  
It was the, actually I believe it included everything that was adopted at the Pension Study Commission meeting.

DE BRUIN:  
Okay.

SKELLY:  
If I remember the letter correctly it included the back drop and it had everything else that had been adopted also.

DE BRUIN:  
You were the actuary . . I'm sorry, Supervisor [Daniel] Diliberti.

DILIBERTI:  
Which date was that now you are referring?

SKELLY:  
January 16<sup>th</sup> of 2001.

DILIBERTI:  
Okay.

DE BRUIN:

And that's in the memo so we will make copies for any interested members of the Board or anyone else. The back drop benefit was estimated at \$718,000. The 25%, the average salary increase was 7½% for each year worked after 1/1/2001 was almost \$1.9 million. The change in the final average salary to three-year average is a \$735,000 cost. The vesting change is \$449,000. And the ½% multiplier was roughly \$4.58 million. Pension contribution for 2000 is \$0 since the plan is slightly overfunded. And then you outline your assumptions for the back drop that those electing the back drop will go back three years and that 25% would probably utilize the provision. That's the memo we are talking about?

SKELLY:

Correct.

RYAN:

I have a question.

DE BRUIN:

Supervisor Ryan.

RYAN:

I need some clarification of something that you said. You were using examples of talking about back drop three years. You said three years, four years, you talked about three years, five years in your conversation with us here today. At the time you were asked to look at these calculations and your assumptions, were you basing those on the fact that there was an assumption that we would be doing three to five years or were you ever specifically told that it would be for employees pre-'82 that could go back to whenever their first day of eligibility for retirement was?

SKELLY:

I guess I understood the provision as it was being developed that you would be able to go back to whenever you were eligible to retire. So, we assumed that some people would go back one year, two years, three years, five years, and that's where we came up with the average of three years.

RYAN:

And so your assumptions did not take into effect that we have some folks that are able to go back to 1992 or prior?

SKELLY:

That was taken into account to determine the three-year average, but we did not explicitly say in our cost calculations let's look at people that are able to go back six years or eight years. Is that clear?

RYAN:

I understand what you are saying. I don't know, I'm not sure that I understand your logic with what you are saying based on my understanding of what I was told. So I guess I will wait for more conversation here and see if it can be clarified.

SKELLY:

Well, I would just add that if you look at someone who is taking a back drop and look at what the additional benefits that they get from that, there are some dates that people could back drop to that would be relatively disadvantageous because it depends how much service they give up and earnings increases and various things like that. There are other dates, sometimes it's optimal to go back quite a ways, other times it's optimal to only go back a year to the point at which they were first eligible for a non-reduced



benefit. So, again, our three years was just our estimate of what we believed to be what the typical person that took a back drop would take.

RYAN:

Okay. Thank you.

SUPERVISOR [JOE] DAVIS:

Madam Chair?

DE BRUIN:

Supervisor Davis.

DAVIS:

Thank you. Mr. Skelly, at any time did you or anyone from who was working with you on these provisions had a concern about any employee who would start at a very early age in Milwaukee County government and at this particular time when the back drop provision was recommended to us, the concern of a lump sum pay out that could be very, let's say, questionable?

SKELLY:

No, we did not have that concern because, again, we were looking at a three-year pay out and we were looking at trying to calculate costs for 7000 active members in the system and what the average cost would be for a given individual. So, we were not looking at any particular cases that might go back a lot of years.

DE BRUIN:

Mr. Skelly, I've got a couple of questions about the back drop. Were you ever asked to calculate for a group of individuals, and I may have asked this in just a different form a little earlier, but I'm just not sure if I am correct, the range of individuals eligible, for example, what certain individuals might be able to receive under the back drop option. Were you ever asked to calculate something like that, whether somebody's been here 35 years or 25 years, to do some sort of comparative analysis between high end employees or low end salary employees? That kind of estimate?

SKELLY:

No. We were not asked to do that.

DE BRUIN:

Were you ever asked to look at the impact or the effect that dropping the 80% rule would have on the pay outs under the back drop provision?

SKELLY:

I don't believe so. We were asked early in some of the changes that we were doing, proposed changes in early 2000, one of the changes that I didn't mention before was what would the cost impact be if the 80% maximum was changed to 90% or I believe 100%. Those were two things that we did cost out neither of which I believe made it into any of the final packages that were adopted. But, that was strictly as a separate item. What happens if we take away the 80% cap and replace it with a 90% cap? That was asked, but never in conjunction with a back drop.

DE BRUIN:

Was this asked by the Pension Board or by Mr. Dobbert or someone else from Milwaukee County?

SKELLY:

It was asked by Mr. Dobbert as part of the bargaining process.

DE BRUIN:

Okay. When you provided the cost estimates in the January 16<sup>th</sup> memo, was it your expectation that those estimates would be shared with others other than Mr. Dobbert, that it might go to the Pension Board or that it would go the County government, the County Board, County Executive's office?

SKELLY:

I assumed it would be shared with some group, yes. I didn't make specific assumptions as to who it would be shared with.

DE BRUIN:

I understand. Were you ever asked to review the fiscal notes that were formulated by DHR and sent to the County Board as a representation of the costs of the packages?

SKELLY:

I don't believe so.

DE BRUIN:

Okay. This is a personal opinion and it might not be your role and, if so, please let me know, but I'm assuming you have quite a bit of background in pension changes and pension plans and the types of provisions that Milwaukee County was offering. In retrospect, it seems very clear to a lot of us and to a lot of my colleagues that these proposals were very generous and perhaps so generous that this level of benefits when you compound, or when you add all of the different provisions together, would be considered, you know, on the very high end of what might be offered. Did you notice that at all during this process? Did you ever comment on that to Mr. Dobbert or to the Pension Board that this was a rather large change?

SKELLY:

I don't recall commenting on that and primarily the reason that I did not was because, again going back to our contract with the Pension Board says we consult to the Pension Board, but to the rest of the County our contract says we can respond to specific financial increases, a specific financial request for what does an increase cost, but we are not in a role of providing consulting services, suggesting what's appropriate and what's inappropriate to the rest of the County other than to the Pension Board.

DE BRUIN:

So you weren't asked by any individual from the County as to what your personal opinion was as to the largess of the provisions?

SKELLY:

I was not.

DE BRUIN:

Okay. And then I guess the last couple series of questions I have at least for now and I believe there might be questions from other members of the Board that are here of my other colleagues has to do with Section 415 of the IRS Code. Did your original analysis in the January 16<sup>th</sup> [letter] take into account the restrictions of that section?

SKELLY:

Yes, we had factored in the limits of Section 415 in our initial calculations.

DE BRUIN:

Can you explain for me whether or not, if there are any provisions of that section that are more recent or any reasons why the initial estimates would have one certain cost factor and come out with a formula that would result in the very high back drop amounts being given to County employees, you know that you have seen in the paper and asked about, etc., and then this more recent calculation that was recently done apparently this past week that shows a large difference in the net amounts that individuals can receive?

SKELLY:

I can speak to the calculations, the more recent calculations that were done with the smaller amounts, and I believe that those calculations are correct. I do not know how the higher amount calculations were done precisely so I am not sure that I can comment on all of the reasons that they might be different.

DE BRUIN:

Okay. Can you comment a little bit about the ones of the last week then, how we got to those estimates.

SKELLY:

Okay. We were requested last week to, after the larger numbers had been in the newspaper, we were requested to come in and work with the Pension Office to verify what the proper calculations were and those calculations that were in the newspaper yesterday, I guess, were the result of that process.

DE BRUIN:

So you believe if you had been asked that six months ago those figures would have been the same as what came out last week then, that if you had been asked earlier that would roughly had been, you know, obviously if we had added several more unions into the package that might have influenced, but, basically, that if you would have applied the IRS Code and been asked to do the calculations six months ago it would have been roughly the same as the numbers last week?

SKELLY:

I believe so, yes.

DE BRUIN:

Okay. Are there different ways to interpret this Code? I mean how would you explain, I mean obviously since you did not do the original estimates that apparently were in the paper, how would you explain the difference of that large amount in the individual amounts that people were going to receive?

SKELLY:

I can only speculate and I am speculating that there is a provision in Section 415 of the Code or in the regulations that say that if the plan provides late retirement increases, that is increases for people who work after age 65, if the plan explicitly provides that, then the limits under Section 415 are increased. And, if the plan does not, then the limits under Section 415 are not increased and since the plan, your plan, Milwaukee County plan, does not provide late retirement increases, our interpretation, which is supported by, reviewed by the law firm, is that those Section 415 increases do not increase for people who retire after age 65.

DE BRUIN:

Supervisor [Michael] Mayo.

MAYO:

I just want to know where did the first estimates come from, the ones that have been reported in the paper? Because you may shed light on this whole issue and I want to know where did the \$1 million or

the \$2.3 million come from. The Pension Board, and I'm talking about the Pension Board now, I'm not talking about employees relations, always have followed the IRS Codes, even when we gave out, when we approved those monies we always look at the Code. So, any payment came out since 2001 and 2002, they always look at that Code. So, I want to know where did the \$1 million and \$2.3 million estimates come from. Did they come from County Board staff? Did they come Mr. Dobbert? Did they come from where? I would like to know that.

DE BRUIN:

Do you happen to know that answer Mr. Skelly?

SKELLY:

Well, the stories in the newspaper have said that there was another actuary involved in doing calculations, so I don't know where all the calculations came from.

DE BRUIN:

Okay. Just so I understand, is it feasible that that section can be applied differently based on different interpretations of the section or, in your best estimate, given the disparity in the figures, that there might be a serious misinterpretation by another firm or another entity, whatever entity that did those calculations?

SKELLY:

Well, it's a very complex section of the Code and, while there is certainly room for some difference of interpretation there, I believe that our interpretation is correct and it is the only correct interpretation.

DE BRUIN:

It's my understanding from staff that the original resolutions that were adopted by the Board, or the original package that was adopted by the Board, specified that these benefit changes could only go into effect if the changes were approved by the IRS. Is that your understanding as well or would you have no information on that?

SKELLY:

I don't recall specifically, but that may well have been in the request that went to the IRS to approve changes in the plan.

DE BRUIN:

And I know that the request did not happen for some 11 months after the provisions or some of the initial contracts were approved by the Board. In previous approvals of negotiated contracts, would that language typically be in there and would the IRS have typically been contacted right away or the process that is looking to us as a concern as to the length of time before the IRS was approached is that how it has been typically done in the past?

SKELLY:

I think that's probably typical because there was a number of other tax law changes that were required in the plan and I think the effort was made to get all of the changes in the plan at the same time before it would be submitted to IRS. So, I don't have specific recollection of how that was done in previous negotiations, but it wouldn't surprise me if that was the case.

DE BRUIN:

Supervisor [Kathleen] Arciszewski.

ARCISZEWSKI:

Would you go back to the information as it relates to people over the age of 65.

SKELLY:

Okay. The application of the Code section to people over age 65?

ARCISZEWSKI:

What happens at the age of 65? Go back to what you said.

SKELLY:

At age 65, some, many pension plans, especially corporate plans, for someone who retires after age 65, they get an increase in the benefit that's a formula that is spelled out in the plan that says here's how you increase the benefit for someone who retires after age 65. Section 415 says that you increase the maximum benefit payable for people who retire after age 65 if your plan provides increases after age 65. Your plan does not, so our interpretation is that the Section 415 limit after age 65 does not change.

ARCISZEWSKI:

Are you saying then that the biggest fear that Milwaukee County has was for people who might be over, and I think somebody would have to tell me how many employees, how many employees are over the age of 65, do you recall that?

SKELLY:

No I don't.

ARCISZEWSKI:

Okay. Because, I think the fear was if someone might be 70, they might be able to back drop all the way to 55 or whenever they became eligible, correct? I think that this was the concern. Am I correct that people were maybe assuming or didn't know that if you were 70 and you were eligible to retire at 55?

SKELLY:

I do not remember that concern.

ARCISZEWSKI:

Well, that's because you are not dealing with all the media and the questions that we are being asked. So, the question is if someone is eligible to retire at age 55 but stays to 70, that means they would be able to back drop 20 years. Are you saying that that is not true, that they would be capped?

SKELLY:

No. I am not saying that that is not true.

ARCISZEWSKI:

Okay.

DE BRUIN:

Mr. Skelly, I'm still trying to understand the whole process here and what the normal role of an actuarial firm is and isn't in this process and I know you were not a consultant. But, I think individuals that were not normally a part of this process who do not have the same background have logical assumptions as we read the information or hear the information and then that leads to follow-up questions. And I guess one of my follow-up questions is if the calculations by this other firm of some \$2.3 million for the County Executive, \$1. whatever for somebody else, were so off, when you saw those in the paper, did you call anyone at Milwaukee County to say these numbers can't possibly be right? Did it trigger concern in your

mind that there might be misinformation about the Milwaukee County's plan being generated in the community? Anything like that occur to you at the time?

SKELLY:

When the numbers came out in the newspaper, we had not done the calculations for those individuals in the newspaper so I didn't know at that point looking at the numbers whether they were correct or not.

DE BRUIN:

Okay. So you didn't run those afterwards until you were asked to run them the last week?

SKELLY:

Correct.

DE BRUIN:

Okay. Is there some reason to believe, I guess one of the concerns that I would have and this may a cynical view and, if so, I apologize, and I don't mean it of your firm, but the way I view the timing of this, could there have been a hope that the 415 Section would not apply and therefore those pay outs would occur and now that the full information has come out that in all probability they did occur. Is that not a possibility? Could Milwaukee County have interpreted that the 415 provisions that you speak of would not apply and could we have been doling out checks under that assumption as well?

SKELLY:

I think I would be speculating. The Section 415 is written right into the County Ordinance so there is no question that it applies. The question is what's the proper way to interpret the late retirement provision.

DE BRUIN:

And the reason I ask that is I know that our, I was told that our auditors had a conversation with some of our County administrators as to what the likelihood would be that the IRS would find this plan acceptable and that there was like, I believe the phraseology earlier this morning from our auditor, was that it was a one in a million chance. So, it appeared to seem that they had a high expectation that that would not, that the plan as is, and therefore I assume the calculations, would be acceptable. Am I putting the wrong conversation on the wrong conclusion Mr. Skelly do you think? Or?

SKELLY:

I'm not sure I understand the question, but let me give it a shot. The plan says that there is a benefit formula under which you apply all these factors of age and service and pay. Determine a benefit you compare that to a variety of limits that are contained in this Section 415. Then that's the benefit that becomes payable. So, the question was if the plan pays a benefit that exceeds the limits in Section 415, the plan is paying a benefit that it's not allowed to pay. So, it's not a question of the plan paying a benefit and the IRS coming back later and saying that benefit exceeds our limit, it's a question of do the people calculating the benefits for somebody retiring, are they following the provisions of the County Ordinance which contains the pension plan and, if so, then there is no question of the IRS coming back later and saying that benefit exceeds our limit because that limit is built into the plan.

DE BRUIN:

And I understand Supervisor Lutzka has a question, I would just like to finish this reasoning. What happens if we, have you been asked at this point or has there been any look that you know of to make sure that the calculations or the checks that have been written so far in the past year as these retirements proceeded that those were all appropriate?

SKELLY:

Yes. We looked at, as of last Saturday, we looked at I believe every single retirement that had occurred subsequent to January 1, 2001 under the back drop provision and all of the those were within the limits of Section 415 and any other IRS limits.

DE BRUIN:

So the County is not going to be in a position to either trying to recoup those funds or being in violation of the IRS provisions?

SKELLY:

Correct.

DE BRUIN:

Supervisor Lutzka. I apologize for adding on so many questions.

LUTZKA:

I'm trying to follow what is being said and I guess my question is were there any attempts or any questions as to trying to get that benefit formula changed within the plan that you were aware of?

SKELLY:

Meaning the application of the Section 415 limit?

LUTZKA:

Correct.

SKELLY:

It's not possible to change that within the plan because it just incorporates what's in the IRS Code.

LUTZKA:

How long has Mercer been a consultant for Milwaukee County?

SKELLY:

For the Pension Board, I'm not sure how long, at least 15 years.

LUTZKA:

Fifteen years. And, is your consulting firm do they specialize in public pension funds as well as private pension funds?

SKELLY:

We do both.

LUTZKA:

You do both. Okay. How long have you been working with Milwaukee County Pension Board as part of the consulting team from Mercer?

SKELLY:

For I don't know the last eight or nine years and then there was also some period of time earlier that I did.

LUTZKA:

Would it be fair to say you have a great understanding of our pension plan? Would you say that would be a fair statement?

SKELLY:

I'm not sure I like the word great, but I have a pretty good understanding.

LUTZKA:

So, you have a pretty good understanding. Okay. When you read the reports in the Milwaukee Journal-Sentinel, at any time did you feel that you have an allegiance to the Pension Board or maybe Mr. Dobbert who you have a contract with to maybe step forward and say look, I'm reading the paper and I don't believe these numbers are right just from my experience with Section 415 and knowing your plan, because your consulting firm, in essence, you know your name is going to be out there with the rest of the County's and everybody involved.

SKELLY:

No, because I had not done detailed calculations, so I didn't look at that and say this has got to be right or this has got to be wrong.

LUTZKA:

I'm under the understanding that there is a cap that we could pay out per Section 415 of \$160,000. I understand that cap moves around. When you read the paper, did it not occur to you that a \$2.3 million figure couldn't be possible?

SKELLY:

That cap only applies to an annual pension, not to a one-time lump sum.

LUTZKA:

Okay. But, knowing the number of years of service the individuals have in the paper, I'm trying to, knowing the number of years, and maybe you didn't know the number of years, maybe that's the key here, but for me it's \$160,000 times the amount of years that an individual can go back. I guess what I am trying to say, the numbers in the paper to me just didn't seem real from the first time I read them. I mean that was my automatic reaction. I don't know if it was a reaction of denial or a reaction of being shocked. And that was the first question. Are those numbers for real? And how can a public fund pay that amount of money out to any one individual? I think that's what everybody's, a lot of people's feelings are, especially in the public. But, I think as an expert, I don't know, if I picked up the paper and saw Milwaukee County who I have worked with for 12 years, I would say my gosh, this can't be right just knowing the things I know and knowing that my name's on the line with the County maybe I should start investigating and trying to figure these numbers out and step forward to the County and say, you know Gary, let me have the records of these employees and let me try to calculate these so we can get this cleared up. I don't want to shift the blame to your firm, but I think there's a certain amount of responsibility. That's just my feeling and I take responsibility for that feeling. Did it ever occur to anybody in the firm to say look, I don't know, somebody help me here.

DE BRUIN:

I think I can follow up. Mr. Skelly, let me just try and follow up on that and if I am not correct somebody else can jump in.

January 6<sup>th</sup> was the first article in the newspaper. It was a Sunday article that listed the amounts, the provisions. Did either your firm or any individual officer of Milwaukee County call you on Monday the 7<sup>th</sup>, [or on] the 8<sup>th</sup>, 9<sup>th</sup>, 10<sup>th</sup>, that next week and say these numbers don't seem right, do them for us. Did either your firm initiate that or was there an officer of Milwaukee County that asked you to initiate, that called up and said these numbers don't seem right can you redo them for us.



SKELLY:

I believe it was on the Friday after that Sunday when we were asked to verify the calculations.

DE BRUIN:

Okay. So, there apparently was a request from Milwaukee County, from Mr. Dobbert's office?

SKELLY:

It came from, there was a request from Mr. Dobbert's office and Mr. Amerell's Pension Office.

DE BRUIN:

Okay. So, that was the Friday after, so about the 10<sup>th</sup>.

DAVIS:

Madam Chair?

DE BRUIN:

Supervisor Davis and then Supervisor [Roger] Quindel.

DAVIS:

Thank you Madam Chair. Mr. Skelly, I have your spreadsheet before us and it seems like the lump sum payments that you have in your calculations and what was reported to us in the press is drastically different. In your opinion, would that be because of the larger settlement reported in the press, could they not have taken into Milwaukee County adhering to Section 415?

SKELLY:

I don't know how the larger numbers were done. I have not seen the details of those calculations. I'm assuming that they took into effect [Section] 415 in some way, but I don't know how. One of the things that happens with Section 415 is as inflation occurs the limit goes up each year. So, if we are trying to project a retirement in 2003 or 2005 or 2008, we have to make an assumption as to what the inflation is going to be to determine what the limit will be at that point.

DAVIS:

I guess my question and what I am getting to is, as I am taking a look at your chart, Mr. Ament will be 67 in 2004 and if there are limitations in Section 415 that have to deal strictly with the age of 65 and no increase in benefits, then that's two years of calculations that if they didn't take in Section 415 it might have been added on that should not have been added on. And, in 2008, he will be 71. Again, still, I guess my question would be is would there be additional figures that were added onto his pension lump sum pay out that may have, should not have been added to his pay out during this particular calculation based upon our pension being adhering to Section 415? Do you understand where I am coming from?

SKELLY:

I believe so. I think the answer is that the calculations that are shown on the spreadsheet that I prepared limited the annuity by Section 415 so then the resulting back drop calculation was limited by Section 415.

DAVIS:

Okay.

DE BRUIN:

Mr. Skelly,

[tape changed to Side B]

... October, and I know you can't speak for any other individual than yourself, but I have to say it concerns me that if there was any question by Milwaukee County that those numbers were not correct, why did it take till January 10<sup>th</sup> for anyone to bother asking. And, when I read the statement of Eric Smith, the IRS spokesperson, he basically said that if a county or an entity violates the limits then the IRS would try and find a way for the county to get into compliance. So, I guess the concern I have is that no one seemed to worry about the \$2.3 million figure that it was inaccurate until the media attention was so great on that figure and I am wondering would the IRS have come in and helped the County try and keep those figures that high if we had wanted them to. From reading into his statement, would that have been something that they would have done?

SKELLY:

What I read into his statement was that if he thought that there was something wrong with the way the IRS Code was being applied that he would come back and work with the County to change the procedure, not to change the Code. And, certainly not to try to justify paying out higher benefits that had already been paid out.

DE BRUIN:

And you have to understand my role in this is an elected official and also as Chair of the Finance Committee and I just, usually when gross misstatements of fiscal costs are presented in the paper or in the media, Milwaukee County is pretty quick to state that there is a problem with those figures and I'm just trying to figure out why it was never communicated to members of the Board or anyone else that there was a concern about those figures and also why the concern was generated so late. And I know you can't speak to that other than you did not run the numbers until you were asked to by Milwaukee County after the January 6<sup>th</sup> article.

SKELLY:

Correct.

DE BRUIN:

Supervisor [Roger] Quindel had a question.

QUINDEL:

I'm trying to understand a couple of things. One, do you have the actual ordinance before you?

SKELLY:

No I do not.

QUINDEL:

Okay. On page 6 it refers to, for those who have it about halfway down there's a Section 2, it refers to the back drop, it will include the annual 2% increase "between the back drop date and the date the member is removed from the County payroll due to actual retirement (after exhausting all accrued time balances as documented by an ETCR form), plus interest earnings (compounded monthly) equal to the pension fund rate of return used by the ERS actuary, shall be referred to as the 'total drop benefit.'" You know what I am referring to?

SKELLY:

Yes.

QUINDEL:

In this document we have, is there a fixed number, because the number I've heard is  $8\frac{1}{2}\%$  and  $9\%$ , but I may not have read this here, but I have asked a lot of people and have read it over like - does it refer in this document that we have in front of us to the ERS actuary table of this percentage?

SKELLY:

Not that I am aware of.

QUINDEL:

So, we don't know what the compounded rate is, we just know that it is [inaudible].

SKELLY:

Well, the rate that we use is published in the actuarial report for the system every year.

QUINDEL:

So, we would have to get that actuarial data to know.

DE BRUIN:

Mr. Heer is trying to respond too. Mr. Heer, do you want to respond to Supervisor Quindel?

HEER:

Madam Chair, if I could. The interest rate that is applied to the back drop calculations is the same interest rate that is used for other assumptions in funding the pension plan. Our external auditors made a comment that that number ought not be subject to whim, that it ought to be benchmarked to something because members of the Pension Board could indeed participate in the back drop. So, it would only be right that that percentage not be within their control, that it ought to be locked into something. They did make a change in that interest rate as part of their deliberation this past fall, prior to the 2002 budget being adopted. So the back drop rate in past years...

QUINDEL:

But that was this past fall.

HEER:

Right. But, beginning January 1, 2002, the rate of interest which is used for other purposes in the Pension Board's deliberations, the interest rate for the back drop rate is now  $9\%$ , plus  $8\frac{1}{2}\%$  prior to that vote.

QUINDEL:

But the point, did you ever let anyone know that  $9\%$  interest compounded monthly, the amount of money I think doubles every five years or something like that, compounded monthly, is that correct approximately?

SKELLY:

At  $9\%$ ?

QUINDEL:

$9\%$ . If you've got to compound it monthly back with this rate would that be?

SKELLY:

About seven years, I believe.

QUINDEL:

I thought it was that way yearly, seven is monthly. Anyways, if you have a choice of taking your money and getting 100% guaranteed. Here's my problem with this. I don't think this is not referred to anyone. I don't think anyone, it would be hard to understand that unless you are intimately involved, but I know enough about greater returns and if someone would guarantee me a greater return retroactively compounded liked that, I mean I would be a very rich person. And I could pick the date when I'd get to do it, especially since some people are going to get to do this very far back, which would seem to me to trigger some alarms if someone could take a drop back, you know 15, 20 years back knowing that their money is going to triple or quadruple guaranteed. That seems to be extravagant. Was there anything discussed in these meetings or anything, because I don't understand. The point is if I get a retirement, most of us get a retirement at age 65 or 55, and we know we are going to get \$30,000 a year, but we have to live to get it, you might have a spouse, but you have to live to get it, and some people get 30 years, some get 10. I don't know anybody who gets a guarantee for the future. But this is really kind of amazing because you get guaranteed for the past, which if you had to retire and know that you may get something and, on top of it, it is compounded in a way that it increases very dramatically and is guaranteed and you don't have to worry about dying a year after you get a pension, which happens to people sometimes and they get virtually nothing.

So, was there a lot of discussion around that, because it also seems like a fairly difficult financial consideration to make given how does the pension fund calculate what someone is going to do in the future and then have to calculate backwards at all these amounts. How would you know who's going to what and who needs cash, who doesn't, who thinks that's a great rate of return, who doesn't think it's a great return. The stock market obviously right now it would seem like a phenomenal rate of return and maybe a few years ago it would have seemed like a decent [rate of return]. So, would you try to explain that because I don't understand how we've determined the numbers based on that since they are so different and there are people all over the map about how many years they can go back.

SKELLY:

Okay. Basically, the pension fund, there is a certain earnings rate assumption that is made when we do our calculations. That had been 8½% for most of the period of time. It's 9% right now and the theory is that if that's what we think the pension fund is going to earn then that's what we should pay to people who are taking their money or a piece of their money out of the plan. So, the theory is that simple. It's not intended to say what would they have received if they had put the money in a savings account or if they had put it in the stock market, but rather what's our assumption as to what the pension fund is earning. So, no, there was not a lot of [discussion].

DE BRUIN:

Supervisor Quindel, I think Supervisor Mayo wanted to respond to your question. He sits on the Pension Board.

MAYO:

I just want to make sure that people understand that the Pension Board did not have anything to do with these benefits. We did not talk about the back drop. It all came from [the Department of] Human Resources. So, do not try to tie the Pension Board [inaudible] with the assumptions. As Mr. Heer can inform you, that's where they get the back drop information. The Pension Board had nothing to do with it.

QUINDEL:

Thank you for that clarification, because I think it's important. I also want to understand, because what that does, in effect, is if you go back five years you double your pension and you lose the next increases, you know the 2% or 2½% or whatever for the next five years, but you guarantee yourself a doubling of

your pension of going back six or seven years, a guaranteed doubling. And, if you go back further, you guarantee a tripling. You guarantee it and you get it all at once. I don't quite understand how actuarially we could understand that, maybe you could know this, but It seems like why would you guarantee more money or, you know, we get a lot more money guaranteed, when you go to the future nothing is guaranteed. So, I don't understand this as a concept, but this with no limits and no cap, the second part it is also compounded. You are not only adding 9%. I don't understand this at all as a concept other than to make folks get a lot of money.

The other part I want to understand is if they discussed the fact, and I am still not clear on it, whether or not it is waived, but there was an 80% rule maximum pension, how they could make a maximum 80% of your salary that you earned. You used to be able to add, some people could add in overtime, some couldn't. This document with the 25% and all that stuff, there is no reference to eliminating it, but obviously adding 25% to your salary if you work for the next four years would effectively get someone to 100% even if the 80% is kept. But I'm not even sure if anyone knows, is 80% out plus the 25% or is 80% in? Is there anyone here that actually knows?

SKELLY:

80% is still in the plan.

QUINDEL:

So it's 80%, but you could effectively come to about 98% of your salary because you have to add three years. Is that correct, or 97%?

SKELLY:

Well, there are two other factors. The 25% does apply to average pay so, in effect, it is 80% of a higher number. So that's where the 80%, in effect, gets higher because of the 25% bonus.

QUINDEL:

So, in effect, if you are going up 3% a year you're at 94% of your final salary, then you're at 97[%], then you're at 100[%] of your final salary, so your average would be 125% of 97% and times 80% which would basically get you to 97% of your salary. Is that traditional, to retire at 97% of your salary? Is there any other example of that? I mean is there normally no limits because that's pretty close to your salary as far as I can tell. Did you get that?

DE BRUIN:

Absolutely not Supervisor.

QUINDEL:

You have to include the final three years and add 3% each year. So, this is rough. Your final year you are at 100% of your salary, right? That's your final year. The year before you are at 97[%]. You're going up 3% a year. These numbers aren't exact. The year before you're at 94[%]. You take 94[%], 97[%], 100[%] and you're approximately at 97% of it. It's not exact. So you're at 97% of your salary and the maximum pension you can get if you worked for 32 years at 2½% is 80%. So anyone with 32 years gets 80% of 97[%] multiplied by 125[%] which would get you to about 97%. You make \$100,000. You make \$94,000 one year, \$97,000, \$100,000. You average it out and you've got \$97,000. Multiply it by 125% because that's what the bonus factor is that you earned. So now you are at 122% of your salary. Multiply that by 80% and you get to be a pension of 96-97%.

My question is, it's not written in here in any way that people understood, and I am not excusing us, but I'm trying to understand from an actuarial basis is it or from your experience in public pension plans or private ones is it normal to retire at close to your salary? This seems high to me. I think other people

have caps of I've heard 60, 50, 70. I've not heard 96 or 97. Do you know of others from your experience, is that normal?

SKELLY:

It's certainly not normal of private plans. Public plans tend to be a little higher, but replacing 100% of pay is probably not unheard of but I'm sure it's higher than average. I mean I don't have any surveys of what benefits are provided by all of the public plans readily available.

DE BRUIN:

Mr. Skelly, I know that we promised to get you out of here in about an hour and a half and if there are any other questions we could have those at this time. I would ask, Mary Ann Grimes, who was Corporation Counsel in attendance, had to leave for an emergency and I was planning to ask her a few questions about what this committee could ask for and not ask for, but what I am interested in is can you provide information to our staff about some of the requests for, some of the calculations from earlier on. I am particularly interested in the initial request for the lump sum information of \$1000 per year for service. Some of the initial ones you talked about, the formula changes, the change in the vesting rule. That did come in summary form to closed session of Personnel and has now been all released to the press. I mean we at least had some of those figures. But, some of the other items that you mentioned even as a Personnel Committee member I never heard of them before as options that were being considered. So I am interested in the range of options you were asked to look for because those we hadn't been made aware of before.

SKELLY:

Okay.

DE BRUIN:

Okay. Do you believe your firm has any objections of providing that to us.

SKELLY:

I don't believe so.

DE BRUIN:

Okay. I believe Supervisor Diliberti is next and then Supervisor [Robert] Krug.

DILIBERTI:

Madam Chair, I'm a little confused about what you just said. Would you like us to submit questions in writing because we went over time or do you want us to submit questions now?

DE BRUIN:

Oh, no. I was trying to say maybe we wouldn't take another full hour, but I was trying to get him [Mr. Skelly] out within an hour and a half and two hours. So, if there are additional questions Supervisor, go right ahead.

DILIBERTI:

[inaudible] question and I need to understand it. Is our plan actuarial sound given that the new news that has come out about new pensions and pay outs?

SKELLY:

I believe it is sound.

DILIBERTI:

What are your projections as to the soundness in the next year or three to five years in terms of what impact this will have on our contributions?

SKELLY:

Based on the investment return for the year that just closed, and I don't have final figures, but I believe the fund had a return of negative two or three percent, something like that for the year 2001, which is certainly not surprising given the financial markets. But, when we factor that into the future contribution requirements which, after we collect all of the updated data from the system, that will probably be in late April or early May when those numbers are available, that may well show, I would expect it to show that contributions will be required to the plan to be built into the 2003 budget at that point.

DE BRUIN:

And earlier on I announced that we do have that letter that is going to Mr. Hegarty of the Pension Board that will be forwarded to Mr. Mercer to do the revised estimates of Milwaukee County's expected contribution into the system given the actual experience of 2001 as well as some additional changes to some of the assumptions. For example, it appears our Audit Department now believes that some 45% of the individuals that are eligible have been taking it [the back drop]. So we've got some ranges of assumptions for them to look at as well as some of the different proposed changes that have already been discussed publicly. So, that information will all be coming next month, and if there is additional information there that you know of at this time Supervisor Diliberti I would appreciate you letting us know.

DILIBERTI:

What I was specifically going to ask is what amount of increased payments or new payments we're going to be making are due to the impact of those changes to the plan and how much would have taken place normally because of the stock market change? So even without this plan we may have to contribute something given the change in the rate of return. But, what is actually attributable to this change?

SKELLY:

Well, I believe the letter that you were referring to earlier that you had a copy of quotes a number of something like \$7.8 million as the increase to the annual contribution due to the entire package of changes.

DE BRUIN:

\$8.4 [million], I believe.

DILIBERTI:

Per year?

SKELLY:

Correct. \$8.4 million per year.

DE BRUIN:

Supervisor Krug.

DILIBERTI:

I'm not finished.

DE BRUIN:

Oh, I'm sorry Supervisor Diliberti.

KRUG:

The plan's overfunded so it's not tax levy, right?

ROB HENKEN:

Ask Mr. Skelly to put the \$8.4 million in perspective.

RYAN:

Yeah.

DE BRUIN:

Mr. Skelly, before he [Diliberti] asks [his next question], could you please put the \$8.4 million in perspective for the plan.

KRUG:

That's not a tax levy contribution.

DE BRUIN:

Yeah. Well, unless we need to.

KRUG:

Well, explain it please.

SKELLY:

Okay. We calculated an increase in the annual cost of \$8.4 million depending on, and I say cost I don't necessarily mean cash contribution into the plan, because in a given year it depends on the overall funded status of the plan whether or not a contribution is required. So, it may be with two years of bad market returns that a contribution may again be required. At that point, an additional cash contribution into the plan of \$8.4 million was our best estimate as to what that would be.

DE BRUIN:

And the latest estimate that I remember as being told as to the cost of the back drop provision to the system was roughly \$980 some thousand. It is no longer the \$718,000 correct?

SKELLY:

Right. That estimate was updated at the time of last year's valuation in April or May to \$985,000.

DE BRUIN:

So in response to your question Supervisor Diliberti at least that provision caused that increase of the \$8.4 [million].

DILIBERTI:

The numbers that you read before they are revised now from what you read before?

DE BRUIN:

Yes.

DILIBERTI:

There is actually a breakdown in terms of five-year vesting, back drop and things like that?



DE BRUIN:

No. This \$8.4 [million] is the total here, but the \$718,000 is this original number, so that would be upped accordingly to \$985,000.

DILIBERTI:

So we'll find out what the current estimate is.

DE BRUIN:

Right.

DILIBERTI:

The other question I have is why were you involved in the cost of the sick time pay outs? That's not actually pension fund money is it? The sick leave pay out?

MAYO:

No, that's not pension money.

SKELLY:

We were involved in the sick pay pay out because to get the sick pay paid out they would go on retirement leave for whatever period of time it took to exhaust that accumulated sick pay. That retirement leave was considered to be earned service under the pension plan. So, if you pay the sick pay out in a lump sum and people do not stay on retirement leave, their service under the plan is reduced so it does impact the pension benefit they receive. So, we're not talking about the pay out of the sick pay, we're talking about what impact that has under the service they accrue under the pension plan. That's why we were asked to cost out the impact of that change.

DILIBERTI:

Another question is were you ever asked to calculate the impact of the back drop for any employees during the time we considered the plan. In other words, did anyone ever inquire as to the impact it would have on their retirement at any time during this period from perhaps early 2000 until last October.

SKELLY:

The first time we were asked to do a cost on a specific individual was, I believe, December of 2000 and that was for an individual or a couple of individuals who were planning on retiring early in 2001 and we were working with the retirement office to develop the software to do those calculations.

DILIBERTI:

Was there ever a cap considered for the back drop?

SKELLY:

Not to my knowledge.

DE BRUIN:

Supervisor Krug and then Schmitt.

KRUG:

Supervisor Diliberti are you done for now?

DILIBERTI:

Yes, thank you.

KRUG:

Thank you. Good afternoon, Mr. Skelly. There was a quote in the newspaper on Tuesday. One of the Journal reporters tracked you down and asked you some questions and, if I understood the article correctly, you stated that you didn't do actuarial assumptions on the cost of the back drop until well after both the non-rep and represented packages were passed here at the Board. It was some months afterwards that you were asked to actually do those numbers. Is that correct? Is that accurate?

SKELLY:

I guess I don't know when all of those things were actually passed. What I believe I said was that it was some time after the Pension Study Commission meeting that those assumptions were formulated. I think the contract negotiations were still ongoing at that point.

DE BRUIN:

You were asked in December, correct?

SKELLY:

Right.

KRUG:

So we had already passed the non-rep package by that time.

SKELLY:

I thought you said non-rep and rep.

KRUG:

Right. Well, I forgot when we passed the rep.

DE BRUIN:

We did some rep too.

KRUG:

Yeah, I think they were both passed.

HENKEN:

No. The rep was February of 2001.

KRUG:

But the non-rep was passed already. Okay. And then is that roughly the same timeframe that you would have been requested to calculate the cost of the sick leave pay out.

SKELLY:

No, sick leave pay out was much earlier.

KRUG:

It was. Okay. Then I didn't understand what you said before then.

SKELLY:

I believe spring of 2000.

KRUG:

Okay. So, did we have an estimate on back drop at this timeframe or around the Pension Benefits Subcommittee?

SKELLY:

Could you repeat that please?

KRUG:

Did you have an estimate of what this would have cost, the back drop?

SKELLY:

At the time of the Pension Study Commission?

KRUG:

Right.

SKELLY:

No.

KRUG:

Okay. Thank you.

DE BRUIN:

Supervisor [Jim "Luigi"] Schmitt and then Arciszewski.

ARCISZEWSKI:

Thank you Madam Chair.

DE BRUIN:

No, Schmitt first and then Arciszewski.

ARCISZEWSKI:

I'm sorry.

DE BRUIN:

That's okay.

SCHMITT:

Excuse me Supervisor. It is still afternoon, okay. The rate that has been talked about extensively, the 8.5 then becoming 9, I think there seems to be a lot of questions of why that is so high. I've heard other projections that in drop backs or plans that 5 or 6% would have been much more reasonable. You know when you go up a percentage it really expands obviously. You feel it is a solid actuary plan as you have stated. If we go to 8½ and 9% that's a call you have to make as an actuary in talking to us. Is that a solid call today? I mean I know you have to go back over the last 20 years and look at it. So, is that figure something we should not be astounded by, that it is good actuary practice, that that seems a reasonable figure 8.5 now going to 9 than rather the 5 or a 6 for example?

SKELLY:

Well, there are two questions. Let me first talk about the assumption that we use for determining whether or not the plan funding is appropriate and how much the amount of plan funding. We didn't set that assumption looking at the back drop. The ordinance says to determine how to credit interest on the back

drop look at the rate the actuary uses to fund the plan. So, that's the rate that we said and that's where we have determined that we believe that 9% is a reasonable long-term rate of return. We looked to the past to set that rate, but we predominantly look to the future going forward over the next, you know, 10, 20, 30 and 40 years what is a reasonable rate of return. So, we look at capital market models that economists and investment professionals put together as to what rate of return can be expected on stocks and bonds and various other investments that the Pension Board would engage in and those models still say that the expected long-term rate of return is somewhere around 9%. So, that's the assumption we made.

SCHMITT:

Thank you. Thank you Madam Chair.

DE BRUIN:

Supervisor Arciszewski.

ARCISZEWSKI:

I think you answered my question.

DE BRUIN:

Mr. Skelly, the last question I have I guess is geared toward trying to figure out how to prevent a situation like this from ever occurring in the future. And, I know your role as an actuarial firm was not that of a consultant, but I am wondering if there is any recommendation you can give to us as to what the role of a firm such as yours could be in somehow signaling in the future that there are benefits being proposed that are very generous or seems to be at the far end of the scale of positive benefit changes to employees in a proposed package. Is that a role that your company does do if requested?

SKELLY:

Yes.

DE BRUIN:

It is something that you could do. Okay. So you could have at any time or we could in the future ask that as you do the calculations at some point you also sit down with us and say your firm's actual opinion as to whether or not the package that we are offering is consistent with other packages in the country or way underline or way overline?

SKELLY:

Well, I think that's not a judgment that we can make easily. I mean we would have to gather information because all of the other plans are in a state of flux too so we would have to, there are published surveys that would indicate what typical practices are so we could at a point in time benchmark to some of the surveys that would show what other public plans are providing to say yes it appears that in total the package that you are proposing is average, above average, much above average. Something to that effect could be done.

DE BRUIN:

Given all of the time that's passed, I mean originally it was negotiated in 2000 and the contracts were approved through 2001 and began in 2001, I guess I am asking you at this point what your own opinion is as to the relative size of the proposed plan with the back drop. Is this a large back drop compared to any other plans that you have seen?

SKELLY:

I do not have any other back drop plans that I could draw a comparison with that I am familiar with.

DE BRUIN:

All right. Supervisor Ryan.

RYAN:

Just one question that goes back to a previous question that Supervisor De Bruin asked. Your role here is to answer questions for us. My question is your role to the Pension Board not only providing actuary services, but is it also in the role of a consultant to the Pension Board?

SKELLY:

Yes.

RYAN:

So you serve dual purposes to the Pension Board but not to us as Milwaukee County government?

SKELLY:

That's correct.

RYAN:

Thank you.

DE BRUIN:

Supervisor Krug.

KRUG:

One more thing. Mr. Skelly, this whole IRS Section 415 mini controversy, it's really a non-issue. It's always been part of your deliberations and calculations. It's the federal law. It's the law of the land and there's no choice about whether it applies or not. So this was always a part of your actuarial assumptions and the numbers you ran reflected that that's something that's a fact of life. It's the law.

SKELLY:

Yes.

KRUG:

Okay.

DE BRUIN:

Okay. I believe we have a couple of final questions. Supervisor [Willie] Johnson and then Supervisor Quindel.

JOHNSON:

Thank you Madam Chair. Mr. Skelly, given that drop plans have occurred since 1982 and you have indicated that you don't have a lot of information on back drop plans, have you seen any of those back drop plans since drop plans began in 1982?

SKELLY:

I am not personally familiar with any of the back drop plans no. That doesn't mean that some don't exist.

JOHNSON:

But you have very little knowledge of any of the plans.

SKELLY:  
That's correct.

JOHNSON:  
Thank you.

DE BRUIN:  
Supervisor Quindel.

QUINDEL:  
I just have two very simple questions. In either late October or early November I asked the Department of Human Resources director two specific questions, in the context of something, but I asked him two specific questions. Does the 80% rule apply even with the bonus and all that stuff, was he aware that the 80% rule, that it would be 80 plus the 25 on your salary. Would Mr. Dobbert have been aware of that based on your knowledge of your discussions with him?

SKELLY:  
Well, he was putting together the plan designs, so yeah I think he would have been aware of that.

QUINDEL:  
And the second thing, I asked him specifically to describe and explain the drop back because I understood you were basically getting a guarantee that you knew you were going to get 10 years of your pension, guaranteed that that amount had to be 2% compounded simple interest and that's how it was explained to me and it was actually a benefit to the County doing that if someone lived for maybe 15 years. Would he [Mr. Dobbert] have known that it was compounded at this higher rate of return backwards to your knowledge? Would he understand this because it's only a reference in here about using some other table. It only says here "plus interest earnings (compounded monthly) equal to the pension fund rate of return used by the ERS actuary, shall be referred to as the 'total drop benefit'" He would have been familiar with that, is that correct? Is that what you think? I'm just asking your opinion at this point.

SKELLY:  
I don't know. I don't remember when that language was written. I would have guessed that that language was written later than the point where you were having that conversation.

QUINDEL:  
Did you not have discussions with him about the impact on the pension plan or individuals about that particular thing?

SKELLY:  
Not until into 2001.

QUINDEL:  
Okay. Thank you very much.

DE BRUIN:  
All right. Unless there are any other questions. Supervisor Lutzka.

LUTZKA:

I just have a few more questions. One of the Finance members asked a question when the non-rep package was adopted it was prior to them asking Mercer what the fiscal impact would be, is that correct?

KRUG:

On the back drop.

LUTZKA:

On the back drop. Okay.

SKELLY:

I don't know when the non-rep package was approved.

LUTZKA:

It was adopted in November of 2000. Okay. And then, from my understanding, the Pension Board or was it Mr. Dobbert who came to you and asked what the impact would be of the back drop on the pension fund. Who asked you that question? Was it Mr. Dobbert?

SKELLY:

Yes.

LUTZKA:

And does Mr. Dobbert have a contract with Mercer?

SKELLY:

Yes. Well, the Department of Human Resources has a contract with Mercer.

LUTZKA:

Okay. I just wanted to clarify that. So you have a contract with the Department of Human Resources and you also answer to the Pension Board. Is that too many questions?

SKELLY:

Our primary contract is with the Pension Board. That contract spells out the conditions under which we can enter into a contract with another county agency.

LUTZKA:

Okay. Now at the time they came to you and asked you what the impact was on the pension fund after the non-rep, the non-rep package was adopted November 2, 2000, but before the union package, if at any time you looked at this package and you did make the statement that this back drop was new to you or something relatively new, at any time did you think to recommend a cap to the County?

SKELLY:

No.

LUTZKA:

No. Why?

SKELLY:

It did not occur to me to recommend a cap.

LUTZKA:

Okay. When we adopted the package in the resolution it clearly states in there that we have to follow Section 415 and that's in the document that the County Board adopted. I still have a real issue with Mercer not coming to the defense of the County after reading that article of January 6<sup>th</sup>. I cannot believe that you would open up the paper and see that someone you do business with and have done business with for 10+ years and not think to come to their aid. But I think the bottom line is for me right now, and this is the person that's biggest in question, what are Tom Ament's numbers for the year 2004 to retire and 2008? If he were to use the back drop what would his back drop pay out be in 2004, 2008 and what would be his annual pension benefit by using that back drop for those years?

SKELLY:

I believe that the numbers that I calculated were those that were reported in the newspaper yesterday.

LUTZKA:

Which were?

SKELLY:

I don't have them in front of me.

[unidentifiable]

Are these them?

SKELLY:

So your question is the annuity plus the lump sum?

LUTZKA:

Correct.

SKELLY:

So for retirement May 1<sup>st</sup> of 2004, monthly pension of \$8,514, lump sum of \$559,335.

LUTZKA:

Okay. And how about 2008?

SKELLY:

2008 monthly pension of \$9,101, lump sum of \$641,248.

LUTZKA:

A big difference from \$2.3 million for 2008 reported in the Milwaukee Journal-Sentinel. As a Board member I just feel that the firm really let not only the County Exec., not only the County Board, but all of the employees of Milwaukee County down.

SKELLY:

Well, I would add that we did not have the details, when that newspaper came out, we did not have all the details that would be needed to do a calculation of his pension under the plan. We were requested on that Friday to do a calculation. We came over here and got all the basic details from the Pension Office to do the calculations.

LUTZKA:

I still, I have a real issue with that.

DE BRUIN:



Mr. Skelly, I would like to thank you for coming today. As I announced earlier, this is not a meeting that you had to come to. This is a County Board committee meeting we asked you to help us learn additional information as to what happened in the process, what the assumptions were, what your role and the firm was. I believe that you have done that for us. I appreciate that you took the time to do this. I hope that my colleagues got most of their questions answered. I'm assuming that if later on there is another time for dialog that we will do that, but I appreciate your attending today.

SKELLY:

Okay. Thank you.

DE BRUIN:

Thank you very much.

RYAN:

Is this meeting closed?

DE BRUIN:

This meeting is adjourned.

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*To the best of my ability, the foregoing is an accurate depiction of the discussion at the January 17, 2002 meeting of the Committee on Finance and Audit relating to Item 20.*

*Lauri Henning*

Chief Committee Clerk

Milwaukee County Board of Supervisors

1/26/2002 2:22 PM

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Chairperson: Supervisor Lynne De Bruin  
Clerk: Lauri Henning, 278-4227  
Research Analyst: Rob Henken, 278-4826

## COMMITTEE ON FINANCE AND AUDIT

Thursday, February 14, 2002 - 9:00 A.M.

Milwaukee County Courthouse - Room 201-B

### MINUTES

CASSETTE #24

Side A, #\*\*-END; Side B, #1-END

CASSETTE #25

Side A, #1-END; Side B, #1-#630

PRESENT: Supervisors Ryan, Nyklewicz, Holloway, Krug, Schmitt, Davis & De Bruin (Chair)

EXCUSED: Supervisor Holloway

#### SCHEDULED ITEMS:

1. 01-685 From Director of Audits, submitting the monthly status report regarding the review  
(a) of management controls over Deferred Retirement Option Program (DROP) checks. **(INFORMATIONAL) (NO ACTION NECESSARY)**

24-A-21 **APPEARANCE:**  
Jerome J. Heer, Director of Audits

Mr. Heer reported that the Audit Department has accepted the implementation status of six of the eight recommendations relating to management controls over DROP checks as reported by the Employees' Retirement System (ERS). The Department will continue to monitor implementation of Recommendations 6 and 8.

The Committee had also asked for a monthly report on retirements granted, specifically those who opted for the back drop. Mr. Heer indicated that the first such report was attached to his status report. He noted that it is not an extensive list like the one Supervisors received last week, which included those who applied for retirement. An individual's name will not appear on the monthly reports from the ERS until they actually have received their first check.

Concern was expressed by Chairman De Bruin regarding Recommendation 6. Mr. Heer stated he would take back to the ERS the concern that a mechanism be put in place to prevent the office from overspending its budget by seeking prior approval rather than seeking retroactive approval.

## SCHEDULED ITEMS (CONTINUED):

Supervisor Ryan raised concern regarding Recommendation 8. Mr. Heer indicated that he is not comfortable with how Recommendation 8 is being implemented. However, with the help of the Controller, Scott Manske, he is confident that they can make this work. Given the activity in the ERS office at this time, it would be best to let the office focus on the current situation and put off implementation of Recommendation 8 temporarily. Mr. Heer stated he is confident there is an understanding of what needs to be done and he is committed to making sure that the checks coming out of the ERS office will go through a County financial system.

Mr. Heer advised he will continue to submit monthly status reports, including monthly reports on retirements granted.

***The Committee took no action on this informational report.***

2. 02F2 From William M. Mercer, regarding update of cost impact calculation of the back drop provision included in the pension changes effective January 1, 2001.  
**(INFORMATIONAL) (NO ACTION NECESSARY)**

24-A-185 **APPEARANCES:**  
Dennis Skelly, William M. Mercer  
Jerome J. Heer, Director of Audits  
Jac Amerell, Employee Retirement Manager

Mr. Skelly reviewed the subject report, a copy of which is attached to the original of these minutes.

A lengthy discussion ensued during which Supervisor Krug asked Mr. Skelly, when making recommendations to the Pension Board, to provide a table showing the impact of a 20, 25 and 30 year amortization. Mr. Skelly replied that information would be relatively simple to add to the actuarial report and he would do that.

***The Committee took no action on this informational report.***

3. 02F3 From Fiscal and Budget Administrator, regarding the County Executive's directive to departments regarding continuation of hiring and purchasing freezes and analyses of retirement and state budget reform proposal impacts.  
**(INFORMATIONAL) (NO ACTION NECESSARY)**

24-A-653 **APPEARANCES:**  
Terry D. Kocourek, Fiscal and Budget Administrator  
Supervisor Kathleen Arciszewski, 23<sup>rd</sup> District

## SCHEDULED ITEMS (CONTINUED):

Mr. Kocourek reviewed the subject report (copy attached to the original of these minutes), which addresses the following three issues:

1. Clarification of hiring and purchasing freeze and procedures to be followed by departments.
2. Request to departments for information regarding impact of sick leave and retirements.
3. Impact of Governor's reform bill.

Regarding Issue 1, Mr. Kocourek pointed out that it reiterates what has been in place with the addition of two new factors. Temporary assignments to higher classifications (TAHCs) will not generally be approved. Any TAHCs that a department deems critical must be reviewed and approved by the Department of Administration. In addition, use of personal service contracts with retired County employees is prohibited. No such personal service contracts shall be approved under any conditions.

Issue 2 is dealt with in the next agenda item.

Issue 3 relates to the elimination of shared revenue to counties as proposed by the Governor in his reform bill.

A lengthy discussion ensued in the following areas:

- Impact to Milwaukee County of the Governor's reform bill.
- The new procedure for review and approval by the Department of Administration of TAHCs.
- Prohibiting use of personal service contracts with retired County employees.

Supervisor Davis requested information regarding cancellation of all previously approved certification lists for vacant positions. He wondered if applicants on those lists would have to reapply. ***(Note: Ms. Jertha Ramos-Colon, Acting Director of Human Resources, informed the Personnel Committee at its meeting on January 15, 2002, that the certification report is compiled from the list of eligible applicants. The Department is only canceling the current certification lists; it is not canceling the eligibility of an applicant.)***

Mr. Kocourek advised that departments have been asked to submit how they would cut 13.2% from their budgets, which would be necessary due to the Governor's proposal. The Department of Administration is in the process of developing a report for the County Executive's review and recommendation to the County Board. Supervisor Krug asked if such a report would be available to the Board by its next Board meeting on Thursday, February 21. Mr. Kocourek replied it is possible and the County Executive is certainly anxious to have the report

## SCHEDULED ITEMS (CONTINUED):

ready; however, it may not be physically possible to prepare the report in that timeframe. The process being undertaken is, in effect, a mini budget review process.

Supervisor Ryan requested information regarding who has filled recently vacated positions caused by retirement either by promotion or by TAHC. Mr. Kocourek indicated he would provide the requested information. She asked if it was possible to have the information for tomorrow's Personnel Committee meeting. Mr. Kocourek could not commit to being able to provide the information in that timeframe.

Supervisor Schmitt asked Mr. Kocourek to come to tomorrow's meeting of the Personnel Committee. He felt it important that other Board members understand recent changes in personnel policies and the potential impacts of state budget cuts.

Supervisor Arciszewski pointed out that Items 3 and 4 on this agenda have not gone to the Personnel Committee, after which the following motion was made.

***ACTION BY: (Ryan) refer Item 3 to the Personnel Committee for its information and discussion. 6-0***

**AYES:** Ryan, Nyklewicz, Krug, Schmitt, Davis & De Bruin (Chair) – 6

**NOES:** 0

**EXCUSED:** Holloway

4. 02-79  
(a) An adopted resolution directing the Department of Administration to prepare and submit a report to the Committee on Finance and Audit for consideration at its **FEBRUARY 14, 2002** meeting that shall include information regarding those departments that have been or expect to be hardest hit by a large number of retirements in 2002 and directing the Department of Audit to conduct a review of the organizational structure of certain County departments, which report shall be submitted to the Committee on Finance and Audit on a timely basis. *(Adopted 1/24/02)* **(REPORT FROM DOA)**

24-B-416 **APPEARANCE:**

Terry D. Kocourek, Fiscal and Budget Administrator

Mr. Kocourek acknowledged his staff that worked on the subject report, including Molly Pahl, Karen Heerhold and Terrence Cooley. He proceeded to review the report's findings, an outline of which is as follows:

- Background
- Estimated Fiscal Impact of Retirement Sick Time Payout

## SCHEDULED ITEMS (CONTINUED):

- Accounting and Budgeting Issues
- Impact of Sick Time Payout on Departments
- Fringe Benefit Impact of Retirements and Filling Positions
- Criteria for Vacant Positions that are “Critical to Operations”
- Attachment 1 – Retirement Sick Leave Payout Spreadsheet by Departments

Supervisor Davis asked if there was any reason why Attachment 1 did not list “date of hire” or “years of service.” Other than the obvious reason of space, Mr. Kocourek stated it was not something they felt important in making their computation. He did say the information was available. Supervisor Davis asked that it be included on the next spreadsheet.

Discussion ensued.

***ACTION BY: (Ryan) receive and place on file the report submitted by the Department of Administration in response to the adopted resolution. 6-0***

**AYES:** Ryan, Nyklewicz, Krug, Schmitt, Davis & De Bruin (Chair) – 6

**NOES:** 0

**EXCUSED:** Holloway

5. 02-108 From Director of Audits and County Board Director of Research, reporting on County sick leave payouts. **(Also to Committee on Personnel)**

24-B-583 **APPEARANCE:**  
Jerome J. Heer, Director of Audits

The subject report’s findings are outlined below:

- Issue
- Background
- Updated Fiscal Information
- Comparables
- Three Potential Sick Leave Modification Scenarios
- Additional Policy Considerations
- Recommendation
- Attachment I – Section 17.184 Sick Allowance Balance on Retirement
- Attachment II – Data Limitations
- Attachment III – Accounting and Budgeting Issues
- Attachment IV – DHR Survey re: Treatment of Accrued Sick Leave

Questions and comments ensued.

**SCHEDULED ITEMS (CONTINUED):**

***ACTION BY: (Ryan) receive and place on file. 6-0***

**AYES:** Ryan, Nyklewicz, Krug, Schmitt, Davis & De Bruin (Chair) – 6

**NOES:** 0

**EXCUSED:** Holloway

6. 02-131 Resolution/Ordinance by Supervisors Aldrich, Arciszewski, Bailey, Borkowski, Coggs-Jones, Davis, De Bruin, Diliberti, Holloway, Jasenski, Johnson, Krug, Launstein, Lutzka, McGuigan, Nyklewicz, Ordians, Podell, Quindel, Ryan, Schmitt, Weishan, White and Zielinski, modifying pension and sick leave benefits. **(Also to Pension Study Commission and Committee on Personnel)**

25-A-4

**APPEARANCES:**

Robert Andrews, Deputy Corporation Counsel

Gary Wortz (17<sup>th</sup> District resident and employee of Milwaukee County Parks)

Maureen Murphy, County Executive's Office

Supervisor Kathleen Arciszewski, 23<sup>rd</sup> District

Mr. Henken reviewed the provisions of the subject resolution/ordinance, which are summarized below:

- I. Individuals elected to office after March 15, 2002 shall no longer be eligible to receive an additional 0.5% pension benefit multiplier. In addition, individuals elected to office prior to March 15, 2002 can voluntarily consent to waive this benefit or the retention incentive bonus (depending on which benefit applies to them).
- II. All non-represented employees (including elected officials) hired on or after March 15, 2002 shall not be eligible to receive a back drop pension benefit. In addition, individuals elected to office prior to March 15, 2002 can voluntarily consent to waive this benefit.
- III. Effective March 15, 2002, the number of accrued sick leave hours that can be utilized in the calculation of a lump sum sick leave payout or a credit for the purchase of County health insurance after retirement shall be "capped" for all non-represented employees. Non-represented employees hired prior to January 1, 1994 only would receive payment for the first 400 hours plus 16 hours for each additional 100 hours (or fraction thereof). For non-represented employees hired on or after January 1, 1994, the total hours that could be utilized to calculate a credit for the purchase of post-retirement County health insurance also would be capped at 400 hours plus 16 hours for each additional 100 hours (or fraction thereof). Accrued sick leave would continue to be paid out in a lump sum (i.e. the "retirement leave" option still would not be available).

## SCHEDULED ITEMS (CONTINUED):

- IV. Elected officials who came into office on or after January 1, 1994 no longer shall be eligible to receive a credit for sick leave as if they were accruing sick leave and to utilize the value of 60% of this credit to purchase post-retirement County health insurance.
- V. The Director of the Department of Administration and/or other appropriate County officials are directed to seek to renegotiate with the County's collective bargaining units those provisions in the 2001-2004 wage and benefits packages that no longer are consistent with provisions provided to non-represented workers due to modifications contained in the resolution/ordinance.

The Committee received a response from the Corporation Counsel's office, dated February 12, 2002, regarding the subject resolution/ordinance as well as a communication from Attorney Dwight Ellis, Whyte Hirschboeck Dudek S.C., dated February 13, 2002, responding to the Corporation Counsel's "opinion." Copies of these documents are contained in the subject file.

Supervisor Davis noted that the above documents are conflicting. He asked Mr. Andrews if he stood by the statements contained in the communication dated February 12, 2002. Mr. Andrews replied that he agrees with most of the points made by Attorney Ellis on January 24, 2002. He does not necessarily disagree on the sick leave issue. He does have concerns, which are mentioned in the February 12 communication. He stands by that document, but is reluctant to make any negative comments, as they might be perceived as self-serving. In addition, he does not want to say anything that might put him in a position of providing potential legal theories to potential litigants. That being said, Mr. Andrews stated he stood by the comments submitted two days ago.

In response to a query by Supervisor Davis, Mr. Henken advised that Attorney Ellis stands by his original opinion delivered to the Board on January 24, 2002.

***ACTION BY: (Davis) lay over for a special meeting of the Finance and Audit Committee to be at the call of the Chair so he can further review the documentation in order to make a more informed decision.***

Mr. Wortz appeared in opposition to the proposed resolution/ordinance. A copy of his written statement is included in the subject file.

Ms. Murphy expressed the County Executive's support of this measure. Upon its passage by the Board on February 21, 2002, she indicated the County Executive would immediately sign it into effect. If there is discomfort regarding the sick



## SCHEDULED ITEMS (CONTINUED):

leave issue, that piece could be laid over, while still forwarding the balance of the item to the Board.

Comments ensued by Committee members.

### **SUPERVISOR RYAN IN THE CHAIR.**

Supervisor Arciszewski reminded the Committee that the Personnel Committee will be discussing these same issues at its meeting tomorrow.

### **Vote on lay over to the call of the Chair: 1-5 (FAILED)**

**AYES:** Davis – 1

**NOES:** De Bruin, Nyklewicz, Krug, Schmitt & Ryan (Chair) – 5

**EXCUSED:** Holloway

### ***ACTION BY: (De Bruin) approve the subject resolution/ordinance. 5-0***

**AYES:** De Bruin, Nyklewicz, Krug, Schmitt & Ryan (Chair) – 5

**NOES:** 0

**EXCUSED:** Holloway & Davis

7. 01-546  
(a) An adopted resolution authorizing the appropriate County staff to work cooperatively with the Friends of Boerner Botanical Gardens to develop the details of a Proposed Financing Plan for presentation to the County Board and providing that the Proposed Financing Plan shall not be implemented without further approval by the County Board. *(Adopted 9/28/01)* **(INFORMATIONAL REPORT FROM FRIENDS OF BOERNER BOTANICAL GARDENS)**

### **25-A-748 APPEARANCES:**

James Ryan, President, Friends of Boerner Botanical Gardens

Shelly Phillips, Bank One Capital Markets

Supervisor Kathleen Arciszewski, 23<sup>rd</sup> District

Sharon Malenda, Executive Director, Friends of Boerner Botanical Gardens

Dave Novak, Director of Public Works

Mr. Ryan stated that the Friends of Boerner Botanical Gardens submitted a memorandum wherein it describes the proposed financing by Milwaukee County for issuance of bonds on behalf of the Friends for the Education and Visitors Center project. It provides background information regarding the transaction that will come in the next cycle for approval. He proceeded to briefly update the Committee on the status of the Education and Visitors Center project.

## SCHEDULED ITEMS (CONTINUED):

As the financing moves forward, Chairman De Bruin wondered if there is a critical timeframe on Boerner's part for the bonding by Milwaukee County. She suggested that discussion occur in this regard with County Board and Department of Administration staff.

It was pointed out that the project is on schedule and under budget.

***The Committee took no action on this informational report.***

8. 01-1/02-1 Fund Transfers.  
**A1)-A3) – Departmental-Receipt of Revenue (2001)**  
**B1)-B2) – Departmental-Receipt of Revenue (2002)**  
**C1)-C4) – Capital Improvement (2001)**  
**D1)-D2) – Capital Improvement (2002)**  
**E1) – Inter-Departmental (2002)**  
**F1) – Departmental-Other Charges (2002)**  
**G1)-G2) – Departmental (2002)**

- 25-B-235 **APPEARANCES:**  
Jerome J. Heer, Director of Audits  
Jon Priebe, Public Safety Fiscal Administrator  
Don Natzke, Director of the Office for Persons with Disabilities

Supervisor Krug requested separate action on A2).

Committee members expressed a desire for the detail on fund transfer A2) relating to how federal forfeiture funds were utilized. Mr. Priebe replied that information is available and can be provided. To his recollection, around \$140,000 of the \$180,063 in Account 8552-Machinery & Equipment-New (Capital) was for acquisition of the helicopter. There may also have been some operating expenses for the helicopter in the other accounts. He explained that County Board approval of this fund transfer is not required. Mr. Kocourek advised that if the transfer were not approved, it would not show up on the County's books. That was the case prior to Sheriff Baldwin's election. He opted to submit an annual fund transfer on the federal forfeiture funds in order to have this information formally recorded.

Thereafter, Supervisor Krug withdrew his request for separate action on A2) with the understanding that he does not support funding of the helicopter but is voting to recognize a transaction that already occurred.

Mr. Heer commented that it is good fiscal policy to reflect this information on the books.

## SCHEDULED ITEMS (CONTINUED):

Regarding fund transfer A3), Supervisor Davis asked if MATC tracks the success of the Jail Literacy Program once inmates are released into the general population. Mr. Priebe replied that there would not be any tracking of inmates once they are released. Supervisor Davis asked if such information could be requested from MATC. Mr. Priebe indicated he could take that request back to the program's manager to see what is and isn't possible. Supervisor Davis asked that Mr. Priebe provide him with a written response from MATC on the outcome of that discussion.

At the request of Supervisor Schmitt, Mr. Natzke gave an update on the recent transfer of the Wil-O-Way programs to the Office for Persons with Disabilities from the Parks Department.

Questions and comments ensued regarding fund transfer G2) relating to funding for training of new deputy sheriffs.

***ACTION BY: (Krug) approve all the fund transfers. 6-0***

**AYES:** Ryan, Nyklewicz, Krug, Schmitt, Davis & De Bruin (Chair) – 6

**NOES:** 0

**EXCUSED:** Holloway

9. 02-107 From Director, Department on Aging, requesting adoption of an ordinance amending Chapter 15.18 of the General Ordinances of Milwaukee County retroactively authorizing the Director, Department on Aging, to establish an interest-bearing escrow account as a COP Risk Reserve and to disburse funds from this account.

25-B-499 **APPEARANCES:**

Stephanie Stein, Director, Department on Aging

George Searing, Assistant Director (Fiscal and Support), Department on Aging

***ACTION BY: (Krug) approve.***

Supervisor Ryan stated for the record that the Audit Department will be doing reconciliation of this account.

**Vote on approval: 5-0**

**AYES:** Ryan, Nyklewicz, Krug, Schmitt & De Bruin (Chair) – 5

**NOES:** 0

**EXCUSED:** Holloway & Davis

**SCHEDULED ITEMS (CONTINUED):**

10. 02-121 From Administrator, Behavioral Health Division, requesting creation of one position of Research and Program Evaluation Data Analyst and one half-time position of Clerk 3 Data Entry and abolishment of one position of Quality Management Coordinator within the Behavioral Health Division. **(Also to Committee on Personnel and Departments of Administration and Human Resources) (REPORT FROM DOA)**

25-B-509 **APPEARANCE:**

Kathleen Eilers, Administrator, Behavioral Health Division

***ACTION BY: (Krug) approve the said request, as recommended by the Department of Administration, effective March 3, 2002, in order to provide the Behavioral Health Division with the staffing necessary to collect, analyze and report on the outcomes of clinical programs so as to improve the quality of mental health services provided to consumers, comply with accreditation requirements of the Joint Commission on Accreditation of Health Care Organizations (JCAHO), and continue implementation of Milwaukee County outcomes related initiatives.***

Supervisor Ryan thanked Ms. Eilers for requesting position actions that actually save Milwaukee County money. Ms. Eilers replied that the savings are small, but the efficiencies created are huge.

**Vote on approval: 6-0**

**AYES:** Ryan, Nyklewicz, Krug, Schmitt, Davis & De Bruin (Chair) – 6

**NOES:** 0

**EXCUSED:** Holloway

11. 02-98 From Director of Public Works, requesting authorization to sign a Blanket Purchase Order Release for Buses and Spare Parts. **(Also to Committee on Transportation, Public Works and Transit)**

25-B-527 ***ACTION BY: (Nyklewicz) approve, as also recommended by the Transportation, Public Works and Transit Committee on February 6, 2002. 6-0***

**AYES:** Ryan, Nyklewicz, Krug, Schmitt, Davis & De Bruin (Chair) – 6

**NOES:** 0

**EXCUSED:** Holloway

12. 02-122 From Director of Public Works, submitting the 2002 DPW Staffing Plan for Capital Improvement Projects. **(Also to Committee on Transportation, Public Works and Transit)**

**SCHEDULED ITEMS (CONTINUED):**

25-B-530 **APPEARANCE:**

Greg High, Director of Architectural, Engineering and Environmental Services

***ACTION BY: (Nyklewicz) approve, as also recommended by the Transportation, Public Works and Transit Committee on February 6, 2002. 6-0***

**AYES:** Ryan, Nyklewicz, Krug, Schmitt, Davis & De Bruin (Chair) – 6

**NOES:** 0

**EXCUSED:** Holloway

13. 01-383  
(a)(a)

From Director, County Health Related Programs, and Manager, Information Management Services Division, regarding development of the Fairfax County/INOVA Health Systems Mutual Development and Support Agreement and discussions regarding governmental sharing of technology solutions; further requesting authorization to enter into an exclusive, non-transferable software sharing agreement with the Marion County (Indiana) Health and Hospital Corporation or their software technology representative for use of the General Assistance Medical Program database software and recognize receipt of \$5,000 in licensing fees. **(Also to Committee on Health and Human Needs)**

25-B-200 **APPEARANCES:**

Paula Lucey, Director of County Health Related Programs

Joseph Cooper, Account Manager, County Health Related Programs

***ACTION BY: (Krug) approve, as also recommended by the Health and Human Needs Committee on February 13, 2002. 6-0***

**AYES:** Ryan, Nyklewicz, Krug, Schmitt, Davis & De Bruin (Chair) – 6

**NOES:** 0

**EXCUSED:** Holloway

14. 02-135

From Director of Audits, submitting a Compliance Review of Milwaukee Metropolitan Drug Enforcement Group (MMDEG).

25-B-538 **APPEARANCE:**

Jerome J. Heer, Director of Audits

Mr. Heer reviewed the subject report. On February 11, 2002, Inspector Peter J. Misko of the Sheriff's Department informed him that he would like to have the MMDEG Supervisory Commission review the report after which he will prepare a report with responses to the recommendations.

***ACTION BY: (Ryan) lay over to the call of the Chair until the aforesaid response***

## SCHEDULED ITEMS (CONTINUED):

*is submitted, with the understanding that it might take a few months.*

Questions and comments ensued.

### Vote on lay over: 6-0

**AYES:** Ryan, Nyklewicz, Krug, Schmitt, Davis & De Bruin (Chair) – 6

**NOES:** 0

**EXCUSED:** Holloway

### **Addendum Item**

15. 02-70 Resolution/Ordinance by Supervisors Lutzka and Launstein, to rescind pension and sick leave benefits recently enacted for County Board Supervisors and the County Executive. **(Also to Committee on Personnel)**

24-B-715 **APPEARANCES:**

Supervisor Lori Lutzka, 13<sup>th</sup> District

Supervisor LeAnn Launstein, 19<sup>th</sup> District

Supervisor Lutzka indicated that Supervisors Schmitt and Mayo should be added as co-sponsors of the resolution/ordinance. She explained why she and Supervisor Launstein introduced this legislation when they did. They realized a legal opinion was necessary before it could be implemented. The Board is now contemplating also taking benefits away from non-represented and ECP employees. She strongly feels Board members need to lead by example. It would be hypocritical to take away benefits from employees and not give up those same benefits.

Supervisor Lutzka advised that it was determined that the subject resolution/ordinance could not be done in a legal manner. County Board staff and Corporation Counsel suggested that the intent of the measure be merged with the most recent resolution/ordinance, which is Item 6 on this agenda. She asked the Committee to place on file the subject resolution/ordinance (Item 15) and asked Mr. Henken to explain what Item 6 exactly entails.

Chairman De Bruin thanked Supervisors Lutzka and Launstein for their leadership on this matter.

Supervisor Launstein strongly encouraged all Board members to participate by signing the waivers available to them. The County Board needs to show that a mistake was made and that benefits need to be returned.

The Committee proceeded to discuss Item 6.

**SCHEDULED ITEMS (CONTINUED):**

25-A-740 Later, the Committee took the following action on this item.

***ACTION BY: (De Bruin) place on file the subject resolution/ordinance by Supervisors Lutzka, Launstein, Schmitt and Mayo. 5-0***

**AYES:** Ryan, Nyklewicz, Krug, Schmitt & De Bruin (Chair) – 5

**NOES:** 0

**EXCUSED:** Holloway & Davis

**DEADLINE**

*The deadline for items for the next regular meeting (March 14, 2002) is Friday, March 1, 2002.*

***All items for the agenda must be in the Committee Clerk's possession by the end of the business day on FRIDAY, MARCH 1, 2002.***

*ADA accommodation requests should be filed with the Milwaukee County Executive Office for Persons with Disabilities, 278-3932 (voice) or 278-3937 (TTD), upon receipt of this notice.*

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**STAFF PRESENT:**

Terry D. Kocourek, Fiscal and Budget Administrator  
Terrence D. Cooley, Assistant Fiscal and Budget Administrator  
Maureen Murphy, County Executive's Office  
Jerome J. Heer, Director of Audits  
Rob Henken, Director of County Board Research

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This meeting was recorded on tape. The foregoing items were not necessarily considered in agenda order. Committee files contain copies of communications, reports, resolutions and/or ordinances, which may be reviewed upon request to the Chief Committee Clerk. The official copy of these minutes is available in the County Board Committee Services Division.

**SCHEDULED ITEMS (CONTINUED):**

Length of Meeting: 9:10 a.m. to 12:25 p.m.  
1:05 p.m. to 1:40 p.m.

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Adjourned,

*Lauri Henning*

Lauri Henning, Chief Committee Clerk  
Committee on Finance and Audit



Chairperson: Supervisor Lynne De Bruin  
Clerk: Lauri Henning, 278-4227  
Research Analyst: Rob Henken, 278-4826

## COMMITTEE ON FINANCE AND AUDIT

Thursday, March 14, 2002 - 9:00 A.M.

Milwaukee County Courthouse - Room 201-B

### MINUTES

CASSETTE #26 – Side A, #3-END; Side B, #1-END  
CASSETTE #27 – Side A, #1-END; Side B, #1-END  
CASSETTE #28 – Side A, #1-END; Side B, #1-END  
CASSETTE #29 – Side A, #1-END; Side B, #1-#286

PRESENT: Supervisors Ryan, Nyklewicz, Holloway\*, Krug, Schmitt, Davis & De Bruin (Chair)

\*Supervisor Holloway was not present at the time of the roll call, but arrived shortly thereafter.

### SCHEDULED ITEMS:

1. 01-1/02-1 Fund Transfers.

**A1)-A5) – Departmental-Receipt of Revenue (2002)**

**B1) – Unallocated Contingent Fund (2002)**

**C1) – Departmental-Other Charges (2002)**

**D1) – Departmental (2002)**

**E1) – Departmental (2001)**

- 26-A-19 **APPEARANCES:**

George Searing, Assistant Director, Department on Aging

Mary Proctor Brown, Budget Manager, Department on Aging

Supervisor Ryan asked for temporary lay over of fund transfer B1) until after the Committee acts on Item 10 of this agenda.

Questions and comments ensued on fund transfer D1) relating to the Department on Aging.

In reviewing fund transfer A2), which included establishment of crosscharges from other County departments, Supervisor Holloway asked that the Department of Administration include in future transfers an explanation of any crosscharges involved and the service(s) to be provided for such crosscharges.

***ACTION BY: (Krug) approve the fund transfers, exclusive of B1), including the aforesaid request by Supervisor Holloway. 7-0***

## SCHEDULED ITEMS (CONTINUED):

**AYES:** Ryan, Nyklewicz, Holloway, Krug, Schmitt, Davis & De Bruin (Chair) – 7  
**NOES:** 0

29-B-280 Later in the meeting:

**ACTION BY: (Krug) approve fund transfer B1). 7-0**

**AYES:** Ryan, Nyklewicz, Holloway, Krug, Schmitt, Davis & De Bruin (Chair) – 7  
**NOES:** 0

2. 02-183 From Fiscal and Budget Administrator, regarding Report of 2001 Carryovers to 2002.

29-A-205 Mr. Kocourek explained that the General Ordinances of Milwaukee County require the Department of Administration to submit a carryover report to the County Board by March 1. The Department has had difficulty complying with this requirement due to the timing of year-end close reports generated by the Advantage accounting system, coupled with the continued lack of an automated system for completing capital carryovers. The subject report includes operational carryovers that have been requested by departments. The Department of Administration is not making a recommendation on those carryovers at this time. It is important to see where the County stands fiscally for year-end 2001 and to keep the option to deny certain carryover requests if necessary. Mr. Kocourek advised the Department would submit its recommendation next month. He also indicated he would be requesting in the near future a change to Section 32.91(7) of the Ordinances to change the March 1 reporting date to April 1. Making such a change should provide sufficient time to complete the carryover process within the context of information available on the year-end close of the County's books. As of today, the Department of Administration does not know where the County stands regarding capital carryovers.

Mr. Kocourek suggested the subject report be laid over until next month at which time the Department of Administration will submit its final recommendation.

**ACTION BY: (Holloway) lay over to next month.**

Supervisor Ryan expressed concern regarding the future request to change the reporting date from March 1 to April 1. She felt we should be working toward getting these numbers sooner, quicker and more accurately rather than putting them off another month. She hopes we can move shorten that timeframe rather than lengthen it.

Questions and comments ensued.

## SCHEDULED ITEMS (CONTINUED):

### Vote on lay over to next month with a follow-up report from the Department of Administration: 7-0

**AYES:** Ryan, Nyklewicz, Holloway, Krug, Schmitt, Davis & De Bruin (Chair) – 7  
**NOES:** 0

3. 02-12 From Superintendent, House of Correction, notifying of projected revenue deficits in the areas of state reimbursement, collection of incarceration costs, Huber Board and Electronic Surveillance Board. **(INFORMATIONAL)**

26-A-380 **APPEARANCES:**

Todd Ashworth, Assistant Superintendent, House of Correction  
Jon Priebe, Public Safety Fiscal Administrator

Chairman De Bruin advised that Ronald Malone, Superintendent, House of Correction, was not able to attend the meeting due to a prior commitment.

A supplemental report, dated March 8, 2002, was submitted by the House of Correction, which included a corrective action plan. A copy of that report is contained in the subject file.

Mr. Priebe indicated that the House of Correction is projecting a \$500,000 revenue shortfall in the areas set forth in the subject and supplemental reports.

Discussion ensued, during which the following information was requested from the House of Correction:

- progress of corrective actions (particularly use of Lotter Building and use of overtime) (De Bruin)
- whether other potential areas over which the House of Correction has budgetary control could be used to offset the projected deficit – e.g. commodities, travel, equipment (De Bruin)
- comparison of employee to inmate ratio for the last five years, including breakdown of employees in terms of staff, supervisors and management (Holloway)

- 02-12 ***ACTION BY: (Ryan) receive and place on file, with the understanding that a follow-up report will be submitted by the Superintendent, House of Correction, in the May 2002 meeting cycle on the aforesaid requests for information. 7-0***
- (a)(a)

**AYES:** Ryan, Nyklewicz, Holloway, Krug, Schmitt, Davis & De Bruin (Chair) – 7  
**NOES:** 0

## SCHEDULED ITEMS (CONTINUED):

4. 02-12 From former Director, Department of Human Services, notifying of a potential revenue shortfall of \$3.5 million in W-2 Community Reinvestment payments.  
**(INFORMATIONAL) (Also to Health and Human Needs Committee)**

27-B-350 **APPEARANCES:**

Jim Hill, Deputy Director of Human Services  
Supervisor Roger Quindel, 18<sup>th</sup> District  
Supervisor Kathleen Arciszewski, 23<sup>rd</sup> District  
Supervisor Willie Johnson, Jr., 13<sup>th</sup> District

A lengthy discussion ensued.

It was noted that the Health and Human Needs Committee, on March 13, 2002, recommended that a letter be sent to State Legislators, elected officials and private agencies asking that corrective action be taken on the non-payment of dollars by the W-2 agencies. The letter is to be signed by the County Executive and the Chief Judge in conjunction with County Board members. In addition, the Health and Human Needs Committee referred the matter to the Corporation Counsel's office for a legal opinion.

Chairman De Bruin asked that an impact statement be prepared for the Finance and Audit and Health and Human Needs Committees that can be attached to the letter that shows what the impact will be on the various programs/services provided to children due to the loss of these funds. Mr. Hill indicated he would make sure that information is attached to the letter.

Chairman De Bruin further asked County Board staff to prepare a comparison chart showing the commitment made by the W-2 agencies, the level provided and the surplus in the W-2 contingency fund.

***ACTION BY: (Krug) concur in the action of the Health and Human Needs Committee of March 13, 2002.***

Further comments followed.

**Vote to concur with Health and Human Needs Committee: 7-0**

**AYES:** Ryan, Nyklewicz, Holloway, Krug, Schmitt, Davis & De Bruin (Chair) – 7  
**NOES:** 0

## SCHEDULED ITEMS (CONTINUED):

### 5. **INFORMATIONAL** reports from the County Treasurer:

- 01-11 A. Quarterly Investment Report (4<sup>TH</sup> Quarter 2001).
- 02F4 B. Departmental Reporting of Public Funds.
- 02-12 C. Notification of projected revenue deficit in interest and penalties of at least \$100,000.
- 02-12 D. Notification of projected revenue deficit in the Earnings on Investments non-departmental account of approximately \$3 million.

### 26-A-671 **APPEARANCES:**

Dorothy K. Dean, County Treasurer  
Richard Williams, Accounting Coordinator  
Judy Murphy, Senior Vice President, M&I  
Rich Rocus, Vice President & Manager of M&I's Money Market & Short Fixed Income Investment Team

A lengthy discussion ensued regarding the aforesaid reports. Ms. Dean provided Committee members with various handouts, copies of which have been made a part of the appropriate file(s).

The Committee took no action regarding Items 5A-5C and took the following actions regarding Item 5D.

- 02-12 ***ACTION BY: (Holloway) ask the Director of Audits to review a potential deficit in the Earnings on Investment account as projected by the County Treasurer and report his findings to the Committee as soon as practicable. 7-0***
- (a)(b)

**AYES:** Ryan, Nyklewicz, Holloway, Krug, Schmitt, Davis & De Bruin (Chair) – 7  
**NOES:** 0

***ACTION BY: (Holloway) lay over Items 5D and 6A until the Director of Audits reviews the numbers and reports his findings to the Committee.***

Chairman De Bruin indicated Items 5D and 6A would be considered separately. She asked the Treasurer to submit, in writing, what she currently projects to be the deficit on investment earnings.

**Vote on lay over of Item 5D, with the understanding there will be a report back from the Director of Audits and the Treasurer: 7-0**

**AYES:** Ryan, Nyklewicz, Holloway, Krug, Schmitt, Davis & De Bruin (Chair) – 7  
**NOES:** 0

## SCHEDULED ITEMS (CONTINUED):

6. 02-155      A. From County Treasurer, requesting authorization to enter into a contract with M&I Investment Management Corporation for investment advisory services and a contract with M&I Trust Company for custodial services.
- B. From Director of Audits, regarding outsourcing of investment management services. **(INFORMATIONAL)**

27-A-94      **APPEARANCES:**

Jerome J. Heer, Director of Audits  
Dorothy K. Dean, County Treasurer  
Richard Williams, Accounting Coordinator  
Judy Murphy, Senior Vice President, M&I  
Rich Rocus, Vice President & Manager of M&I's Money Market & Short Fixed Income Investment Team  
Robert Andrews, Deputy Corporation Counsel  
John Martin, Cash and Investment Manager

At the request of Chairman De Bruin, the Audit Department was asked to assist the Committee as it considered whether to proceed with a policy change to abolish the Cash and Investment Manager position in the County Treasurer's Office and outsource investment advisor services. Mr. Heer reviewed the Department's findings as detailed in Item 6B.

Questions and comments ensued.

Supervisor Ryan asked Ms. Murphy if M&I would object to changing the contract language as it relates to termination provisions as follows:

- Section 3 – Term of Agreement - rather than either party being able to terminate the contract upon 120 days prior written notice, providing that the Advisor/Custodian can terminate the contract upon 120 days prior written notice and that the County can terminate the contract upon 30 days prior written notice.
- Section 11 – Termination by Advisor/Custodian – changing the 45 day period that the advisor/custodian has to terminate the agreement upon failure of the County to pay any amount which may become due to 60 days.

Ms. Murphy replied M&I would not object to the above changes to the contract language.

Mr. Martin commented on the proposed outsourcing of the investment management services. A copy of his statement is contained in the subject file.

**SCHEDULED ITEMS (CONTINUED):**

Chairman De Bruin reminded the Committee that Supervisor Holloway had previously (under Item 5D above) moved that Item 6A be laid over. Thereafter, Supervisor Holloway withdrew his motion to lay over.

***ACTION BY: (Schmitt) approve Item 6A as revised to incorporate changes to the contract language relating to termination provisions as suggested by Supervisor Ryan and set forth above. 7-0***

**AYES:** Ryan, Nyklewicz, Holloway, Krug, Schmitt, Davis & De Bruin (Chair) – 7

**NOES:** 0

7. 02-185 From Director of Audits, submitting Follow-up Audit of Purchasing Card Controls, dated March 2002. (COPIES PREVIOUSLY PROVIDED)

27-A-686 **APPEARANCES:**

Jerome J. Heer, Director of Audits

Julious Hulbert, Associate Director, Department of Public Works

Douglas Jenkins, Deputy Director of Audits

Mr. Heer reviewed the follow-up audit findings and recommendations.

Discussion ensued.

***ACTION BY: (Ryan) receive and place on file with the understanding that a general follow-up will be submitted by the Director of Audits in the September 2002 meeting cycle and that a follow-up regarding tracking of DBE vendors will be submitted by the Director of Audits in the June 2002 meeting cycle. 7-0***

**AYES:** Ryan, Nyklewicz, Holloway, Krug, Schmitt, Davis & De Bruin (Chair) – 7

**NOES:** 0

8. 02-184 From Director of Audits, submitting the 2001 Annual Report Audit Hotline and Audit Activity Related to Fraud, Waste and Abuse, dated March 2002. (COPIES PREVIOUSLY PROVIDED) **(Recommended Action: Receive and Place on File)**

27-B-267 **APPEARANCES:**

Jerome J. Heer, Director of Audits

Mr. Heer reviewed the subject report.

Comments ensued.

***ACTION BY: (Krug) receive and place on file. 7-0***

## SCHEDULED ITEMS (CONTINUED):

**AYES:** Ryan, Nyklewicz, Holloway, Krug, Schmitt, Davis & De Bruin (Chair) – 7  
**NOES:** 0

9. 01-685 From Director of Audits, submitting monthly status report regarding review of  
(a) management controls over Deferred Retirement Option Program (DROP) checks  
and report from Employee Retirement System (ERS) of retirements granted.  
**(INFORMATIONAL)**

27-B-319 **APPEARANCES:**  
Jerome J. Heer, Director of Audits

Mr. Heer reviewed the subject reports.

***The Committee took no action on the informational reports.***

10. 02-182 Resolution by Supervisors De Bruin, et al, providing for 2002 mid-year budget  
reductions and expenditure freezes.

28-A-127 At the request of Chairman De Bruin, Mr. Henken reviewed the components of  
the subject resolution.

**APPEARANCES (listed in order of appearance):**

Supervisor Michael Mayo, Sr., 7<sup>th</sup> District  
Supervisor Lori Lutzka, 17<sup>th</sup> District  
Supervisor Willie Johnson, 13<sup>th</sup> District  
Supervisor T. Anthony Zielinski, 12<sup>th</sup> District  
Supervisor LeAnn Launstein, 19<sup>th</sup> District  
Supervisor Karen Ordinans, 21<sup>st</sup> District and County Board Chairman  
Supervisor Jim McGuigan, 6<sup>th</sup> District  
Janine Geske, County Executive  
Supervisor Kathleen Arciszewski, 23<sup>rd</sup> District  
Supervisor Dave Jasenski, 15<sup>th</sup> District  
Sue Baldwin, Parks Director  
Supervisor John Weishan, 22<sup>nd</sup> District  
Dennis Weedall, Deputy Parks Director  
Dave Novak, Director of Public Works  
Anthony Henry, Silver Spring Neighborhood Center  
Greg Youngs, Deputy Parks Director  
Supervisor Roger Quindel, 18<sup>th</sup> District  
Patty Yunk, AFSCME District Council 48



## SCHEDULED ITEMS (CONTINUED):

On behalf of Supervisor Mayo, Supervisor Nyklewicz requested separate action on the proposed “freezing” of \$222,000 of Youth Employment Funds. Chairman De Bruin pointed out that a decision regarding these funds must be made this meeting cycle.

A number of amendments were submitted by various Supervisors. They are listed in the order of discussion/action.

***Amendment by Supervisors Zielinski, Launstein, Lutzka, Borkowski, Holloway and Coggs-Jones to Org. Unit 1000-County Board to “Reduce Personal Services by \$140,000 by abolishing the Chief of Staff (\$87,312) and holding positions vacant due to retirements and hiring freeze and reduce general operating accounts by \$60,000.”***

**THE AFORESAID AMENDMENT WAS WITHDRAWN.**

***Amendment by Supervisors Zielinski, Launstein, Lutzka, Borkowski, Holloway, Coggs-Jones, Schmitt and Mayo to Org. Unit 1000-County Board to “Reduce Personal Services by \$140,000 by abolishing and recreating Chief of Staff position as Office Manager position at a lower pay range and holding positions vacant due to retirements and hiring freeze and reduce general operating accounts by \$60,000.”***

A lengthy discussion ensued.

***ACTION BY: (Schmitt) approve the aforesaid amendment. 4-3***

***AYES:*** Ryan, Nyklewicz, Holloway & Schmitt – 4

***NOES:*** Krug, Davis & De Bruin (Chair) – 3

28-A-539 ***Amendment by Supervisor McGuigan to Org. Unit 1011-County Executive to “Reduce Personal Services by abolishing Chief of Staff (\$131,576) and abolishing and recreating Budget Development Analysis Manager position as Director of Media Relations position at a lower pay range (\$24,853) and holding positions vacant due to retirements and hiring freeze.”***

A lengthy discussion ensued during which County Executive Geske expressed opposition to this amendment.

***ACTION BY: (Schmitt) approve the aforesaid amendment. 5-2***

**SUPERVISOR RYAN IN THE CHAIR.**

**SCHEDULED ITEMS (CONTINUED):**

**AYES:** Nyklewicz, Krug, Schmitt, Davis & Ryan (Chair) – 5

**NOES:** De Bruin & Holloway – 2

- 28-B-347 ***Amendment by Supervisor McGuigan to Org. Unit 1011-County Executive to “Reduce Personal Services by abolishing Chief of Staff (\$131,576) and Legislative Liaison positions (\$90,962) and holding positions vacant due to retirements and hiring freeze.”***

***ACTION BY: (Krug) approve the aforesaid amendment.***

Comments ensued, during which County Executive Geske expressed opposition to this amendment as well.

**Vote on approval of the amendment by Supervisor McGuigan to abolish Legislative Liaison position in the County Executive’s office: 7-0**

**AYES:** Ryan, Nyklewicz, Holloway, Krug, Schmitt, Davis & De Bruin (Chair) – 7

**NOES:** 0

- 28-B-415 ***Amendment by Supervisor Jasenski to Org. Unit 9000-Parks to “Increase revenue by ~~\$200,000~~ for ~~\$86,840~~ by withholding part of the allocation from an unbudgeted ~~\$200,000~~ payment from MMSD (and withhold previously authorized allocation to various projects) while allowing the allocation of \$30,000 as a 20% match for improvement of a bike trail along the Menomonee River north of Congress and \$83,160 as a 20% match for improvements of the Oak Leaf Bike Trail from Center Street to Mayfair Road and Center Street to Swan Boulevard.”***

***Amendment by Supervisor McGuigan to Org. Unit 9000-Parks to “Increase revenue by ~~\$200,000~~ for ~~\$150,000~~ by withholding part of the allocation from an unbudgeted ~~\$200,000~~ payment from MMSD (and withhold previously authorized allocation to various projects) while allowing the allocation of \$50,000 to create a walking path at Melody View Preserve.”***

***Amendment by Supervisor McGuigan to Org. Unit 9000-Parks to “Increase revenue by ~~\$200,000~~ for unbudgeted payment from MMSD (and withhold previously authorized allocation to various projects).”***

Discussion ensued on the three amendments as set forth above. **THE COMMITTEE TOOK NO ACTION ON THESE AMENDMENTS.**

***Amendment by Supervisor Jasenski to Org. Unit 9000-Parks to “Reduce or***

**SCHEDULED ITEMS (CONTINUED):**

***eliminate bond funding from Bender Park (\$1,832,194); Air Conditioning – Brown Deer & Dretzka Golf (\$375,983-163,166 – eliminate funding for Brown Deer but retain funding for Dretzka); Washington Park Redevelopment (\$400,000); Kohl Park Development (\$500,000); Noyes Family Aquatic Center (\$450,000). Transfer this total of \$3,558,177-3,345,360 plus \$45,000 of unbudgeted revenue from the Irgens development to appropriate capital accounts to purchase additional large mowing equipment (about \$2.7 million), and buy out equipment lease authorized in 2001 and purchase additional leased equipment. Also, utilize \$100,000 in bonds to replace revenue for equipment purchase. Net impact is a \$328,082-228,802 reduction in Equipment Rental, a \$100,000 increase in revenue for New Equipment and a \$1,000,000 reduction in Personal Services via increased V&T in each region from greater efficiencies due to purchase of large mowing equipment.”***

The Director of Parks submitted a report, dated March 11, 2002, regarding the proposed reallocation of capital funds to purchase equipment, which measure is included in the resolution as proposed by Supervisor De Bruin and others. A copy of the report is contained in the subject file.

- 29-A-136 The Committee temporarily laid over this amendment in order to hear testimony by Anthony Henry of the Silver Spring Neighborhood Center. Mr. Henry appeared on behalf of the Youth Employment Program and in support of continued funding for that program.

***ACTION BY: (Nyklewicz) delete the \$222,000 of Youth Employment Program funds from the “freeze” list, which would completely restore that funding. 7-0***

***AYES:*** Ryan, Nyklewicz, Holloway, Krug, Schmitt, Davis & De Bruin (Chair) – 7  
***NOES:*** 0

- 29-A-220 Discussion returned to the amendment by Supervisor Jasenski to retain funding for air conditioning at Dretzka Park Golf Course Clubhouse.

***ACTION BY: (Krug) approve the aforesaid amendment by Supervisor Jasenski. 1-6 (FAILED)***

***AYES:*** Krug – 1  
***NOES:*** Ryan, Nyklewicz, Holloway, Schmitt, Davis & De Bruin (Chair) – 6

***Amendment by Supervisor Quindel to Org. Unit 1140-DHR-Youth Employment Program to freeze 20% of summer youth employment allocation and to Org. Unit 7200-CHRP-Sports Authority to freeze \$50,000 of the remaining \$161,500 of 2002 expenditure authority without future authorization (rather than the entire balance of \$161,500).***

**SCHEDULED ITEMS (CONTINUED):**

The first part of the above amendment relating to Youth Employment Program funds was declared moot due to the Committee's earlier action to remove the \$222,000 of Youth Employment Program funds from the "freeze" list.

Comments ensued on that part of the amendment relating to Sports Authority funds.

***ACTION BY: (Nyklewicz) approve that part of Supervisor Quindel's amendment relating to Sports Authority funds. 6-1***

**AYES:** Nyklewicz, Holloway, Krug, Schmitt, Davis & De Bruin (Chair) – 6

**NOES:** Ryan – 1

29-A-610 ***Amendment by Supervisors Jasenski and Weishan to Org. Unit 1140-DHR-Tuition Assistance Program to provide that "\$50,000 of pProgram expenditures cannot occur without future authorization."***

Comments ensued.

***ACTION BY: (Schmitt) approve the aforesaid amendment. 2-5 (FAILED)***

**AYES:** Holloway & Schmitt – 2

**NOES:** Ryan, Nyklewicz, Krug, Davis & De Bruin (Chair) - 5

***ACTION BY: (Krug) approve the subject resolution as amended.***

Ms. Yunk commented on the process under which the Committee was considering 2002 budget modifications after which Chairman De Bruin explained the rationale for it. Other comments followed.

**Vote on approval of the resolution as amended: 7-0**

**AYES:** Ryan, Nyklewicz, Holloway, Krug, Schmitt, Davis & De Bruin (Chair) – 7

**NOES:** 0

**DEADLINE**

*The deadline for items for the next regular meeting (April 18, 2002)  
is Friday, April 5, 2002.*

***All items for the agenda must be in the Committee Clerk's***

**SCHEDULED ITEMS (CONTINUED):**

***possession by the end of the business day on  
FRIDAY, APRIL 5, 2002.***

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STAFF PRESENT: Terry D. Kocourek, Fiscal and Budget Administrator  
Terrence D. Cooley, Assistant Fiscal and Budget Administrator  
Jerome J. Heer, Director of Audits  
Rob Henken, Fiscal and Budget Analyst

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This meeting was recorded on tape. The foregoing items were not necessarily considered in agenda order. Committee files contain copies of communications, reports and/or resolutions/ordinances, which may be reviewed upon request to the Chief Committee Clerk. The official copy of these minutes is available in the County Board Committee Services Division.

Length of Meeting: 9:10 a.m. to 11:45 a.m.  
12:50 p.m. to 4:30 p.m.  
4:40 p.m. to 5:45 p.m.

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Adjourned,

*Lauri Henning*

Lauri Henning, Chief Committee Clerk  
Committee on Finance and Audit

Chairperson: Supervisor Lynne De Bruin  
Clerk: Lauri Henning, 278-4227  
Research Analyst: Rob Henken, 278-4826

## **COMMITTEE ON FINANCE AND AUDIT**

**Thursday, April 18, 2002 - 9:00 A.M.**

**Milwaukee County Courthouse - Room 201-B**

### **M I N U T E S**

CASSETTE #30  
Side A, #5-END; Side B, #1-END  
CASSETTE #31  
Side A, #1-END; Side B, #1-END  
CASSETTE #32  
Side A, #1-#676

PRESENT: Supervisors Ryan, Nyklewicz, Holloway\*, Krug, Schmitt, Davis & De Bruin\* (Chair)

\*Supervisor De Bruin was excused for Items 5-17; Supervisor Ryan presided as Chair in her absence, unless otherwise noted. Supervisor Holloway was excused for Items 13 and 14 and that part of Item 15 when the Committee reconsidered its previous action.

### **SCHEDULED ITEMS:**

1. 01-546 From Acting Director of Administration, submitting a proposed financing plan and  
(a)(a) authorizing resolution relating to issuance of revenue bonds in an aggregate principal amount not to exceed \$7,265,000 on behalf of Friends of the Boerner Botanical Gardens relating to construction of the Boerner Botanical Gardens Education and Visitors Center.

#### **30-A-64 APPEARANCES:**

Terry D. Kocourek, Acting Director of Administration  
Sharon Malenda, Executive Director, Friends of Boerner Botanical Gardens  
Supervisor Kathleen Arciszewski, 23<sup>rd</sup> District  
Dana Loch, Foley and Lardner (Bond Counsel)  
Michael Scalise, Robert W. Baird & Co. (Underwriter)  
Shelley Phillips, Banc One Capital Markets, Inc. (Financial Advisor)  
Dennis Weedall, Deputy Director of Parks (Finance/Administration)  
Scott Manske, Controller

Mr. Kocourek summarized the issue before the Committee, which is detailed in documents that have been made a part of this file.

## SCHEDULED ITEMS (CONTINUED):

It was noted that the Parks, Energy and Environment Committee, on April 16, 2002, recommended approval of the package, including an amendment to the Memorandum of Understanding (MOU) to make it consistent with the timing of the Letter of Credit which, in essence, increases the term of the MOU to May, 2005.

The Department of Administration submitted language to be added to the proposed resolution that provided for the amendment to the MOU as well as a fiscal note, a copy of which is contained in the subject file.

A lengthy discussion ensued.

Supervisor Arciszewski pointed out that on page 5 in the third paragraph under "Due Diligence" it should read that "Milwaukee County" (not "the Friends") will be charging a per person admission fee rather than a per vehicle fee.

***ACTION BY: (Holloway) approve, including the additional language as previously mentioned. 7-0***

**AYES:** Ryan, Nyklewicz, Holloway, Krug, Schmitt, Davis & De Bruin (Chair) – 7  
**NOES:** 0

2. 01-432 From Acting Director of Administration, regarding implementation plan and  
(a)(b) budget for Milwaukee County to host the 2003 National Association of Counties (NACo) Conference.

30-A-443 **APPEARANCES:**

Mary Reddin, Assistant Manager, Information Management Services Division  
Mary Alice Cannon and Chris Martinsek, CCMC Group  
John Moneypenney, V.P.-Sales, Greater Milwaukee Convention & Visitors Bureau  
Supervisor Karen Ordinans, County Board Chairman

Ms. Reddin explained that the County Board previously authorized a contract with CCMC Group for event management services for Milwaukee County's hosting of the 2003 NACo Conference, which required that an implementation plan and budget be submitted. CCMC Group has submitted the implementation plan and budget and the Department of Administration is now requesting authorization to execute an amendment to the current professional service contract with CCMC Group to implement the said plan and budget at a cost not to exceed \$183,125.

Ms. Cannon introduced Ms. Martinsek and Mr. Moneypenney and indicated that Nona Taylor of V.E. Carter was unable to attend the meeting due to a prior commitment. She proceeded to present the plan and budget.

## SCHEDULED ITEMS (CONTINUED):

### ***ACTION BY: (Nyklewicz) approve.***

Supervisor Ordinans indicated that the Wisconsin Counties Association has been extremely supportive of this event and will be providing direct and in-kind assistance. She further indicated that there has also been tremendous support from the counties surrounding Milwaukee County.

The last page of the project budget indicates that the budget assumes that Milwaukee County Sheriff's Department security costs are provided on an in-kind basis so no expense or revenue is shown. Supervisor De Bruin requested follow-up information on what the expected actual cost is for the Sheriff's Department security costs. She noted that this department is already experiencing a significant budget deficit.

Ms. Cannon replied that such a number would be difficult to estimate until a fixed scope of what would be involved with security is determined.

Questions and comments ensued, including a request by Supervisor Ryan for information from other host counties, if available, on whether participants returned to the state because of their good experience with the conference. Ms. Cannon stated she can certainly request this information from previous hosts, but does not know if such information is available.

### **Vote on approval: 7-0**

**AYES:** Ryan, Nyklewicz, Holloway, Krug, Schmitt, Davis & De Bruin (Chair) – 7  
**NOES:** 0

3. 02-246 From Associate Director, Department of Administration – Economic Development Division, requesting approval to relocate the University of Wisconsin Extension from its current location and negotiate and execute a lease agreement with the West Allis School District for space at Roosevelt School; further, to authorize funding to accomplish the relocation. **(Also to Committee on Parks, Energy and Environment)**

30-A-688 **APPEARANCES:**

William Hatcher, Associate Director of Economic Development  
Paul Brings, Ronnie Strickland & Carolyn Johnson, UW-Extension  
Dave Novak, Director of Public Works

Mr. Brings provided Committee members with "University of Wisconsin Extension Milwaukee County Program Highlights," a copy of which is contained in the subject file.



## SCHEDULED ITEMS (CONTINUED):

Mr. Hatcher reviewed the request and noted that the Parks, Energy and Environment Committee, on April 16, 2002, recommended approval of the relocation of the UW-Extension offices from State Fair Park to the Roosevelt School and authorized the Department to negotiate and execute a lease agreement with the West Allis School District for space at Roosevelt School. The Parks Committee referred the fiscal part of this proposal to the Finance and Audit Committee for its consideration.

Mr. Hatcher asked that a provision be added to authorize the Department of Administration and/or the UW-Extension to apply for and accept grant funds to pay for future remodeling and other costs associated with the use of Roosevelt School, including Community Development Block Grant (CDBG) funds from the City of West Allis and energy grant funds from the Wisconsin Focus on Energy.

A lengthy discussion ensued.

***ACTION BY: (Davis) approve, including the additional provision as set forth above.***

Supervisor Holloway asked Mr. Hatcher to provide prior to Board Day (April 25, 2002) a breakdown of increased rental costs over the time of the lease, including a projection of increased facility costs – i.e. utilities, janitorial, etc. Supervisor De Bruin asked that the breakdown also include a comparison of at least one other building such as Schlitz Park.

Supervisor De Bruin further asked Mr. Hatcher to bring back to the Committee next month the details of the negotiated agreement.

Further comments followed.

Mr. Henken stated that it is the intent of staff to clarify the wording in the proposed resolution to indicate that the fund transfer is being authorized to take place.

**Vote on approval with the additional provision as noted above and the clarification stated by County Board staff: 5-2**

**AYES:** Nyklewicz, Holloway, Krug, Davis & De Bruin (Chair) – 5

**NOES:** Ryan & Schmitt –2

## **SCHEDULED ITEMS (CONTINUED):**

4. 02-12 From Executive Director, Milwaukee County Research Park, notifying that, at the present time, there are no pending land sales that could close in 2002, which would result in a revenue deficit for Milwaukee County of \$422,500.

**(INFORMATIONAL) (NO ACTION NECESSARY)**

- 30-B-506 Supervisor Ryan explained that at the last Research Park Board meeting there was indication that while there were many prospects for land sales, it was not necessarily known if any of the prospective sales would be closed in a timely manner. As a member of the Board, she advised that it at least notify Milwaukee County of that status.

Supervisor De Bruin pointed out that County Ordinances provide that a department must report a projected revenue deficit of greater than \$75,000 and that a corrective action plan be submitted. She suggested that the Research Park Board be asked to come back with a corrective action plan for the next cycle.

***ACTION BY: (Krug) ask the Research Park Board to provide a corrective action plan for the Committee's next meeting.***

Supervisor De Bruin pointed out that County Board staff advised that a joint report should be submitted by the Economic Development Division and the Research Park Board as these revenues are accounted for in the Economic Development Division budget.

**Supervisor Krug accepted that clarification.**

**Vote on referral to Research Park Board and Economic Development Division for a corrective action plan at the Committee's next meeting: 7-0**

**AYES:** Ryan, Nyklewicz, Holloway, Krug, Schmitt, Davis & De Bruin (Chair) – 7

**NOES:** 0

**SUPERVISOR RYAN IN THE CHAIR.**

5. 02-16 From Fiscal and Budget Administrator, regarding 2002 fiscal status.  
**(INFORMATIONAL) (NO ACTION NECESSARY)**

- 30-B-549 **APPEARANCES:**

Terry D. Kocourek, Fiscal and Budget Administrator

Sheriff David A. Clarke, Jr.

Captain Gary Kasza, Sheriff's Department

Jerome J. Heer, Director of Audits

## SCHEDULED ITEMS (CONTINUED):

Mr. Kocourek began reviewing the subject report. He noted that the report projects a \$2 million deficit in Sheriff's medical costs; however, after further review, the potential deficit could be up to \$3.6 million. The Department of Administration will be communicating to the Sheriff that he needs to advise the Finance and Audit Committee on the status of this issue. Questions and comments followed in this area.

Mr. Kocourek continued reviewing the subject report.

Discussion took place regarding the report's suggestion that, in addition to identifying an additional \$3.5 million in budget cuts for 2002, an effort could be made "to identify additional funding/programs that would be 'frozen' until later in the year when a better determination of the County's fiscal status can be made." Supervisor Krug considered making a motion to direct the Department of Administration to prepare a list of potential funding/program "freezes" that might be considered by the Budget Reduction Work Groups, however, after the discussion he chose not to do so.

Thereafter, Supervisor Ryan asked County Board staff to notify the Work Groups of this potential approach.

6. 02-183 From Fiscal and Budget Administrator, regarding report of 2001 carryovers to 2002. **(3/14/02: laid over for a follow-up report from DOA) (FOLLOW-UP REPORT FROM DOA)**

31-A-522 **APPEARANCES:**

Terry D. Kocourek, Fiscal and Budget Administrator  
Dennis Weedall, Deputy Director of Parks (Finance/Administration)  
Anthony Snieg, Deputy Airport Director (Finance/Administration)  
Pamela Bryant, Capital Finance Manager  
Dave Novak, Director of Public Works

Mr. Kocourek presented an overview of the subject report.

Questions and comments ensued.

It was noted that the Department of Administration is recommending that only \$357,000 of a \$657,000 carryover request from the Department of Public Works-Facilities Management be carried over for major maintenance. Supervisor Krug asked Mr. Novak to provide a list of projects that would not be done without the \$300,000.

***ACTION BY: (Nyklewicz) approve the 2001 carryovers to 2002 as recommended by the Department of Administration.***

## SCHEDULED ITEMS (CONTINUED):

Discussion ensued regarding arbitrage penalties. Supervisor Ryan asked for a list of 2001 projects that will be subject to arbitrage penalties and 2002 projects that might be subject to arbitrage penalties.

### Vote on approval: 6-0

**AYES:** Nyklewicz, Holloway, Krug, Schmitt, Davis & Ryan (Chair) – 6

**NOES:** 0

**EXCUSED:** De Bruin

7. 02-1 Fund Transfers.  
**A1)-A4) – Departmental-Receipt of Revenue**  
**B1)-B9) – Capital Improvement (corrected pages submitted for pages 3 and 4)**  
**C1)-C2) – Departmental-Other Charges**  
**D1) – Inter-Departmental**  
**E1) – Departmental**

31-B-19 **APPEARANCES:**  
Scott Manske, Controller  
Charles Wikenhauser, Zoo Director

Questions and comments ensued regarding fund transfers A3) and B9).

***ACTION BY: (Nyklewicz) approve the fund transfers, including the corrected pages submitted by the Department as noted above. 6-0***

**AYES:** Nyklewicz, Holloway, Krug, Schmitt, Davis & Ryan (Chair) – 6

**NOES:** 0

**EXCUSED:** De Bruin

8. 02-205 From the Sheriff, requesting authorization for the Controller to make payment of invoices submitted by Arnold and O'sheridan, Inc. for a security review of the Criminal Justice Facility.

31-A-390 **APPEARANCES:**  
Captain Gary Kasza, Sheriff's Department

***ACTION BY: (Nyklewicz) approve. 6-0***

**AYES:** Nyklewicz, Holloway, Krug, Schmitt, Davis & Ryan (Chair) – 6

**NOES:** 0

**EXCUSED:** De Bruin

## **SCHEDULED ITEMS (CONTINUED):**

9. 02-206 From the Sheriff, requesting authorization for the Controller to make payment of invoices submitted by Venture Architects for a security review of the Criminal Justice Facility.

31-A-407 **APPEARANCES:**  
Captain Gary Kasza, Sheriff's Department

***ACTION BY: (Krug) approve. 6-0***

***AYES:*** Nyklewicz, Holloway, Krug, Schmitt, Davis & Ryan (Chair) – 6

***NOES:*** 0

***EXCUSED:*** De Bruin

10. 01-540 From Director, Parks Department, requesting authorization to apply for and accept a State Transportation Enhancement grant for the construction of a new multi-use trail segment of the Oak Leaf Trail from East North Avenue to East Locust Street. **(Also to Committee on Parks, Energy and Environment)**

31-A-415 **APPEARANCES:**  
Kevin Haley, Landscape Architect, Parks Department Facilities Planning  
Kimberly A. Gleffe, River Revitalization Foundation  
Supervisor Penny Podell, 3<sup>rd</sup> District  
Supervisor Willie Johnson, Jr., 13<sup>th</sup> District  
Dennis Weedall, Deputy Director of Parks (Finance/Administration)

***ACTION BY: (Davis) approve, as also recommended by the Parks, Energy and Environment Committee on April 16, 2002.***

Ms. Gleffe indicated that the River Revitalization Foundation Board is committed to raising the \$80,000 necessary to provide the 20% local share required by the Department of Transportation proposal. She provided the Committee with two handouts relating to her organization, copies of which are contained in the subject file.

Supervisors Podell and Johnson expressed their support for this grant.

Further comments ensued.

**Vote on approval: 6-0**

***AYES:*** Nyklewicz, Holloway, Krug, Schmitt, Davis & Ryan (Chair) – 6

***NOES:*** 0

***EXCUSED:*** De Bruin

## **SCHEDULED ITEMS (CONTINUED):**

11. 02-238 From Director of Public Works, requesting authorization to apply for and accept 2003/2004 State of Wisconsin Urban Nonpoint Source Stormwater grants for various projects. **(Also to Committee on Parks, Energy and Environment)**
- 31-B-174 ***ACTION BY: (Krug) approve, as also recommended by the Parks, Energy and Environment Committee on April 16, 2002. 6-0***
- AYES:** Nyklewicz, Holloway, Krug, Schmitt, Davis & Ryan (Chair) – 6  
**NOES:** 0  
**EXCUSED:** De Bruin
12. 02-79 From Director of Audits, submitting Management Structure Review of Department  
(a) of Public Works. (COPIES PREVIOUSLY PROVIDED)
- 31-B-184 **APPEARANCES:**  
Jerome J. Heer, Director of Audits  
Dave Novak, Director of Public Works
- Mr. Heer advised this report was submitted to the Finance and Audit Committee pursuant to an adopted resolution. He noted that it was considered by the Transportation and Public Works Budget Reduction Work Group at its last meeting.
- ACTION BY: (Davis) lay over until the next Committee meeting or until the Work Group reports back to the Committee.***
- Comments ensued.
- Vote on lay over: 6-0**
- AYES:** Nyklewicz, Holloway, Krug, Schmitt, Davis & Ryan (Chair) – 6  
**NOES:** 0  
**EXCUSED:** De Bruin
13. 02-79 From Director of Audits, submitting a Salary Survey of Selected Top Managers and  
(a)(b) Elected Officials, dated April 2002. **(Also to Committee on Personnel)** (COPIES PREVIOUSLY PROVIDED)
- 31-B-442 **APPEARANCES:**  
Jerome J. Heer, Director of Audits
- Mr. Heer reviewed the results of the Salary Survey.
- SUPERVISOR NYKLEWICZ IN THE CHAIR.**

## SCHEDULED ITEMS (CONTINUED):

Comments ensued.

***ACTION BY: (Ryan) refer the Salary Survey to the Select Committee on County Government Structure and Procedures for its review, to the new County Executive for his review and reference as he reviews the management team that is in place or puts in a management team of his own, and to the Department of Human Resources for its review of not only what's in this document but of all ECP positions and how changes in pay and compensation for those positions might impact lower level positions.***

Supervisor Davis felt that the Salary Survey should be published on the County's website. Mr. Heer advised that all audits are available for review on the Audit Department's website, however, he agreed that they could be published in a more accessible way.

Supervisor Davis indicated that he would also like to add the provision that the County Board's Public Relations Division prepare and execute a press release for radio, TV and newspapers for the purpose of full disclosure.

**Supervisor Ryan accepted the above provisions as a friendly amendment.**

**Vote on motion by Supervisor Ryan, including the additional provisions as set forth above: 5-0**

**AYES:** Ryan, Krug, Schmitt, Davis & Nyklewicz (Chair) – 5

**NOES:** 0

**EXCUSED:** De Bruin & Holloway

***ACTION BY: (Krug) direct the Director of Human Resources to study the feasibility of listing by name and job title all County employees and their salaries and what step they are at and what position in the salary range and report back to the Finance and Personnel Committees on a timetable for doing that, including a fiscal note of potential costs/difficulties involved. 5-0***

**AYES:** Ryan, Krug, Schmitt, Davis & Nyklewicz (Chair) – 5

**NOES:** 0

**EXCUSED:** De Bruin & Holloway

**SCHEDULED ITEMS (CONTINUED):**

32-A-662 **SUPERVISOR RYAN IN THE CHAIR.**

Later in the meeting, the following action was taken.

***ACTION BY: (Krug) reconsider the Committee's previous action to direct the Director of Human Resources to do a feasibility study as detailed above. 5-0***

**AYES:** Nyklewicz, Krug, Schmitt, Davis & Ryan (Chair) – 5

**NOES:** 0

**EXCUSED:** De Bruin & Holloway

***The Committee took no further action on this item.***

14. 02-82 From Director of Audits, submitting an Audit of Milwaukee County's  
(a)(a) Development and Adoption of 2001 – 2004 Wage and Benefit Package, dated April 2002. **(Also to Committee on Personnel)** (COPIES PREVIOUSLY PROVIDED)

32-A-130 **APPEARANCES:**

Jerome J. Heer, Director of Audits

Douglas Jenkins, Deputy Director of Audits

Mr. Heer reviewed the summary of findings.

Questions and comments ensued.

***ACTION BY: (Nyklewicz) lay over until report back from the Select Committee on County Government Structure and Procedures and direct County Board staff to send a copy of the audit to the County Executive, Department of Human Resources and Department of Labor Relations for their information and review. 5-0***

**AYES:** Nyklewicz, Krug, Schmitt, Davis & Ryan (Chair) – 5

**NOES:** 0

**EXCUSED:** De Bruin & Holloway

15. 01-685 From Director of Audits, submitting monthly status report regarding review of  
(a) management controls over Deferred Retirement Option Program (DROP) checks and report from Employee Retirement System (ERS) of retirements granted.  
**(INFORMATIONAL) (NO ACTION NECESSARY)**

31-B-394 ***The Committee took no action regarding this informational report.***



## SCHEDULED ITEMS (CONTINUED):

16. 02-12      A. An adopted resolution directing the Director of Audits to review a potential  
(a)(b)      deficit in the Earnings on Investment account as projected by the County  
Treasurer and report his findings to the Committee as soon as practicable.  
(Adopted 3/21/02) **(UPDATE REPORT FROM TREASURER AND REPORT  
FROM DIRECTOR OF AUDITS)**
- 02-155      B. An adopted resolution providing, among other things, that the Treasurer  
(a)      report monthly to the Finance and Audit Committee on the status of the  
County's portfolio. (Adopted 3/21/02)

31-B-402      ***The Committee took no action regarding these informational reports.***

**\*\* CLOSED SESSION \*\***

The Committee may adjourn into closed session under the provisions of Wisconsin Statutes, Section 19.85(1)(g), for the purpose of the Committee receiving oral or written advice from legal counsel concerning strategy to be adopted with respect to pending or possible litigation with regard to the following matter. At the conclusion of the closed session, the Committee may reconvene in open session to take whatever action(s) it may deem necessary on the said matter.

17. 02-120      From Corporation Counsel, relative to the Milwaukee County Circuit Court's  
(a)      order awarding fees to the Legal Aid Society and American Civil Liberties Union  
(ACLU) of Wisconsin. **(Also to Committee on Judiciary, Safety and General  
Services)**

31-B-355      **APPEARANCES:**  
Robert Andrews, Deputy Corporation Counsel

***ACTION BY: (Schmitt) adjourn into closed session under the provisions of Wisconsin Statutes, Section 19.85(1)(g), for the purpose of the Committee receiving oral or written advice from legal counsel concerning strategy to be adopted with respect to pending or possible litigation with regard to the subject matter. At the conclusion of the closed session, the Committee may reconvene in open session to take whatever action(s) it may deem necessary on the said matter. 6-0***

**AYES:** Nyklewicz, Holloway, Krug, Schmitt, Davis & Ryan (Chair) – 6

**NOES:** 0

**EXCUSED:** De Bruin

The Committee adjourned into closed session at approximately 12:35 p.m. and

**SCHEDULED ITEMS (CONTINUED):**

reconvened in open session at approximately 12:50 p.m. Supervisors Nyklewicz, Holloway, Krug, Schmitt, Davis and Ryan (Chair) were present; Supervisor De Bruin was excused.

***ACTION BY: (Holloway) approve the proposed resolution submitted by the Corporation Counsel's office with the following modifications:***

"BE IT RESOLVED, that the County Board of Supervisors does hereby authorize the Office of Corporation Counsel to continue to pursue the appeal of this matter, as well as to pursue a settlement through mediation; and

"BE IT FURTHER RESOLVED, that Corporation Counsel will bring any recommended settlement of this matter to the appropriate County Board Committees for approval; and

"BE IT FURTHER RESOLVED, that, in order to limit or suspend Milwaukee County's liability for additional interest costs, the Director, Department of Administration is hereby authorized and directed to transfer up to \$465,433 plus interest of 12% per annum from January 15, 2002, from the Appropriation for Contingencies to the Miscellaneous Legal Fees account for potential settlement of this matter.

**"FISCAL NOTE:** Adoption of this resolution will result in an ~~expenditure~~ immediate transfer of up to \$465,433, plus interest of 12% per annum from January 15, 2002 from the Appropriation for Contingencies to the Miscellaneous Legal Fees account. Due to the timing and urgency of this matter, funds for this purpose cannot be processed through the normal fund transfer procedure, thus requiring an allocation from the Appropriation for Contingencies."

**Vote 6-0:**

**AYES:** Nyklewicz, Holloway, Krug, Schmitt, Davis & Ryan (Chair) – 6

**NOES:** 0

**EXCUSED:** De Bruin

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SCHEDULED ITEMS (CONTINUED):



**SPECIAL MEETING OF THE COMMITTEE ON FINANCE AND AUDIT**

**Thursday, April 25, 2002 – 9:00 a.m.**

**Public Hearing  
to consider issuance of Milwaukee County revenue bonds  
on behalf of Friends of the Boerner Botanical Gardens  
relating to construction of the  
Boerner Botanical Gardens Education and Visitors Center**

**DEADLINE**

*The deadline for items for the next regular meeting (May 16, 2002)  
is Friday, May 3, 2002.*

***All items for the agenda must be in the Committee Clerk's  
possession by the end of the business day on  
FRIDAY, MAY 3, 2002.***

*ADA accommodation requests should be filed with the Milwaukee County Executive Office for Persons  
with Disabilities, 278-3932 (voice) or 278-3937 (TTD), upon receipt of this notice.*

**SCHEDULED ITEMS (CONTINUED):**

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STAFF PRESENT: Terry D. Kocourek, Fiscal and Budget Administrator  
Terrence D. Cooley, Assistant Fiscal and Budget Administrator  
Jerome J. Heer, Director of Audits  
Rob Henken, Fiscal and Budget Analyst

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This meeting was recorded on tape. The foregoing items were not necessarily considered in agenda order. Committee files contain copies of communications, reports and/or resolutions/ordinances, which may be reviewed upon request to the Chief Committee Clerk. The official copy of these minutes is available in the County Board Committee Services Division.

Length of Meeting: 9:10 a.m. to 12:35 p.m.  
12:50 p.m. to 12:55 p.m.  
1:35 p.m. to 3:00 p.m.

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Adjourned,

*Lauri Henning*

Lauri Henning, Chief Committee Clerk  
Committee on Finance and Audit

Chairperson: Supervisor Lynne De Bruin  
Clerk: Lauri Henning, 278-4227  
Research Analyst: Rob Henken, 278-4826

**SPECIAL MEETING OF THE  
COMMITTEE ON FINANCE AND AUDIT**

**Thursday, April 25, 2002 - 9:00 A.M.**

**Milwaukee County Courthouse - Room 201-B**

**M I N U T E S**

CASSETTE #32  
Side A, #677-#700

PRESENT: Supervisors Ryan, Nyklewicz, Holloway, Krug, Schmitt & De Bruin (Chair)  
EXCUSED: Supervisor Davis

**SCHEDULED ITEMS:**

**\*\* PUBLIC HEARING \*\***

1. 01-546 To consider issuance of Milwaukee County revenue bonds in an aggregate  
(a) principal amount not to exceed \$7,265,000 on behalf of Friends of the Boerner Botanical Gardens in Milwaukee County's Whitnall Park, a Wisconsin nonstock, nonprofit corporation, the proceeds of which will be used for one or more of the following purposes: (i) to finance a portion of the costs of constructing and furnishing an approximately 52,000 square foot Education and Visitors Center and other improvements at the Boerner Botanical Gardens (the "Project"), (ii) to pay capitalized interest costs of the Project, and (iii) to pay certain costs of issuing and selling the bonds.

***Supervisor De Bruin opened the public hearing by reading a statement explaining that the purpose of the hearing was to give all interested persons an opportunity to express their views on the proposed issuance of revenue bonds in a principal amount not to exceed \$7,265,000 by Milwaukee County on behalf of the Friends of the Boerner Botanical Gardens for the purposes as set forth above. No one from the public appeared. Therefore, the public hearing was closed.***

\*\*\*\*\*

**SCHEDULED ITEMS (CONTINUED):**

<p><i>ADA accommodation requests should be filed with the Milwaukee County Executive Office for Persons with Disabilities, 278-3932 (voice) or 278-3937 (TTD), upon receipt of this notice.</i></p>
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STAFF PRESENT:     Terry D. Kocourek, Fiscal and Budget Administrator  
                             Terrence D. Cooley, Assistant Fiscal and Budget Administrator  
                             Pamela Bryant, Capital Finance Manager  
                             Brian Lanser, Quarles & Brady (Milwaukee County's Bond Counsel)  
                             Dana Loch, Foley & Lardner (Boerner's Bond Counsel)  
                             Rob Henken, Fiscal and Budget Analyst

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This meeting was recorded on tape. Committee files contain copies of reports and/or resolutions relating to this matter, which may be reviewed upon request to the Chief Committee Clerk. The official copy of these minutes is available in the County Board Committee Services Division.

Length of Meeting:    9:00 a.m. to 9:05 a.m.

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Adjourned,

*Lauri Henning*

Lauri Henning, Chief Committee Clerk  
Committee on Finance and Audit

Chairperson: Supervisor Lynne De Bruin  
Clerk: Lauri Henning, 278-4227  
Research Analyst: Rob Henken, 278-4826

## **COMMITTEE ON FINANCE AND AUDIT**

**Thursday, May 16, 2002 - 9:00 A.M.**

**Milwaukee County Courthouse - Room 201-B**

### **MINUTES**

CASSETTE #32 - Side B, #4-END  
CASSETTE #33 - Side A, #1-END; Side B, #1-END  
CASSETTE #34 - Side A, #1-#673

PRESENT: Supervisors Ryan, Nyklewicz, Holloway, Krug, Schmitt, Davis & De Bruin (Chair)

#### **SCHEDULED ITEMS:**

1. 02-79      A. From Director of Audits, regarding Management Structure Review –  
    (a)              Department of Human Services.
- 02-281      B. Resolution by Supervisor De Bruin, endorsing the concept of a single  
                 Department of Administrative Services to provide all County overhead  
                 functions to other departments, and authorizing and directing the Department  
                 of Administration, Department of Human Resources, Department of Audit  
                 and County Board staff, as well as any other departments that they may need  
                 to assist them, to prepare a report specifying how this concept should be  
                 implemented as of January 1, 2003.

#### **32-B-564      APPEARANCES:**

Scott Walker, County Executive  
Jerome J. Heer, Director of Audits  
Supervisor Karen M. Ordinans, County Board Chairman  
Kathie Eilers, Acting Director, Department of Human Services  
Paula Lucey, Director of County Health Related Programs  
Geri Lyday, Administrator, Adult Services Division  
Nancy Olson, Director of Housing and Community Development  
Jim Hill, Deputy Director, Department of Human Services

County Executive Walker indicated that he had an opportunity to review Items 1A and 1B. He expressed support of Item 1B and stated that the report called for in the resolution will be helpful in the budgeting process.

## SCHEDULED ITEMS (CONTINUED):

Supervisor Holloway expressed concern regarding the potential transfer of budgeting and accounting functions from departments to a Department of Administrative Services.

County Executive Walker pointed out that the Board would not be voting on the particulars at this time, but rather enabling the planning process to move forward. The results of the planning process will be brought back to the Board for its consideration and recommendation. Whatever is recommended can be made a part of the budget for 2003. Mr. Walker stated that he would like to have input and interaction with the Board before submitting his recommended budget.

Supervisor De Bruin noted that the following Supervisors should be added as co-sponsors of her resolution: Ryan, Krug, Schmitt, Davis and Borkowski.

Further comments ensued.

Mr. Heer proceeded to review the report listed as Item 1A, as well as the recommendations contained in the report.

A lengthy discussion ensued.

The Committee recessed at approximately 11:00 a.m. and reconvened at approximately 11:25 a.m. All seven members were present.

The above-listed department/division heads proceeded to comment on the various recommendations.

***ACTION BY: (Ryan) concur with the recommendations contained in the Audit report (Item 1A) and recommend moving forward with Recommendation #1 with a report to be submitted in the July cycle for the Committee's consideration, which report should include an implementation plan regarding Recommendations #4-#12.***

***ACTION BY: (Holloway) concur with Recommendation #1 in the Audit report (Item 1A) and refer it to the Health and Human Needs Committee and the Health and Human Services Budget Reduction Work Group for their review and consideration.***

**SUPERVISOR RYAN WITHDREW HER MOTION.**

**Vote on approval of motion by Supervisor Holloway: 7-0**

**AYES:** Ryan, Nyklewicz, Holloway, Krug, Schmitt, Davis & De Bruin (Chair) – 7  
**NOES:** 0



## SCHEDULED ITEMS (CONTINUED):

The Committee proceeded to consider the resolution listed as Item 1B.

Comments ensued by various department heads.

***ACTION BY: (Krug) amend the resolution by adding the following language after Line 79:***

***5. Recommendations for ensuring that the Department of Administrative Services will be accountable for the provision of high-quality services, and that performance measurement will take place involving customer surveys and other appropriate tools.***

**Vote on approval of amendment: 7-0**

**AYES:** Ryan, Nyklewicz, Holloway, Krug, Schmitt, Davis & De Bruin (Chair) – 7  
**NOES:** 0

***ACTION BY: (Krug) approve the resolution as amended.***

Supervisor Holloway reiterated his concern regarding the centralization of budgeting and accounting functions and stated that he would not be supporting the resolution until he receives further information.

**Vote on approval of the resolution (Item 1B) as amended: 6-1**

**AYES:** Ryan, Nyklewicz, Krug, Schmitt, Davis & De Bruin (Chair) – 6  
**NOES:** Holloway – 1

2. 02-1

Fund Transfers.

**A1)-A6) – Departmental-Receipt of Revenue**

**B1)-B3) – Capital Improvement**

32-B-16

In response to a query by Supervisor Ryan, Mr. Kocourek advised that the County Executive had signed all of the fund transfers.

Chairman De Bruin questioned the write-up for fund transfer B2), which shows a \$0 amount. Mr. Kocourek explained that the transfer reflects a change in scope on an existing project, which would explain why funds aren't being transferred from one account to another. However, he indicated that he would check to see if that is the case or whether it is a typographical error. Chairman De Bruin indicated that if it is a typographical error, he should correct it accordingly.

***ACTION BY: (Nyklewicz) approve all of the fund transfers.***

## SCHEDULED ITEMS (CONTINUED):

Separate action was requested on B1).

### Vote on approval of the fund transfers, excluding B1): 7-0

**AYES:** Ryan, Nyklewicz, Holloway, Krug, Schmitt, Davis & De Bruin (Chair) – 7  
**NOES:** 0

### Vote on approval of fund transfer B1): 5-2

**AYES:** Nyklewicz, Holloway, Krug, Schmitt & Davis – 5  
**NOES:** Ryan & De Bruin (Chair) – 2

3. 02-182 From Fiscal and Budget Administrator, requesting authorization for additional  
(a)(a) transfer of funds into the Appropriation for Contingencies.

32-B-69 Mr. Kocourek reviewed the subject report.

### ***ACTION BY: (Krug) approve.***

Comments ensued, during which Mr. Kocourek advised that the County would be receiving revenue from Froedtert Memorial Lutheran Hospital in the approximate amount of \$3.5 million, which is \$2.2 million more than what was budgeted in the 2002 Adopted Budget.

### Vote on approval of the subject request: 7-0

**AYES:** Ryan, Nyklewicz, Holloway, Krug, Schmitt, Davis & De Bruin (Chair) – 7  
**NOES:** 0

4. 02-12 From Executive Director, Milwaukee County Research Park, notifying that, at the present time, there are no pending land sales that could close in 2002, which would result in a revenue deficit for Milwaukee County of \$422,500. **(4/18/02: referred to Research Park Board and Economic Development Division for a corrective action plan for MAY 2002 meeting) (REPORT FROM DIRECTOR OF ECONOMIC DEVELOPMENT) (INFORMATIONAL) (NO ACTION NECESSARY)**

32-B-145 **APPEARANCES:**  
David R. Zepecki, Director of Economic Development  
William Ryan Drew, Milwaukee County Research Park Corporation (MCRPC)

In addition to the report submitted by the Director of Economic Development, the Director of Development of the MCRPC submitted a communication dated May 7, 2002. Copies of both of these reports have been made a part of the subject file.

## SCHEDULED ITEMS (CONTINUED):

Mr. Zepecki advised that the Economic Development Division will be able to make the 2002 budgeted land sale revenue of \$1.25 million even without the Research Park land sale revenue, with the caveat that the sale of 2.1 acres of land located on West Puetz Road in the City of Franklin closes this year. If that transaction does not close, the projected land sale revenue of the Division would be approximately \$500,000 to \$600,000 below the budgeted amount.

Questions and comments ensued.

Mr. Zepecki indicated that he would keep the Committee apprised of the status of the Franklin property.

***The Committee took no action regarding this informational report.***

5. 02-12 From Superintendent, House of Correction, regarding potential House of  
(a)(a) Correction revenue shortfall and corrective action plan update. (*Requested at 3/14/02 meeting.*) **(INFORMATIONAL) (NO ACTION NECESSARY)**

33-B-570 **APPEARANCES:**

Ronald Malone, Superintendent, House of Correction  
Jon Priebe, Public Safety Fiscal Administrator

Supervisor Davis asked Mr. Malone to provide him with the American Correctional Association guidelines regarding inmate to staff ratio.

Questions and comments ensued.

***The Committee took no action regarding this informational report.***

6. 02-12 From Acting Director, Department of Human Services, notifying of a projected revenue shortfall in the food stamp error rate. **(INFORMATIONAL) (NO ACTION NECESSARY)**

34-A-368 **APPEARANCES:**

Jim Hill, Deputy Director, Department of Human Services

Questions and comments ensued.

***The Committee took no action regarding this informational report.***

7. 02-12 From Acting Director, Department of Human Services, notifying of a projected revenue shortfall in space rental revenue (fourth floor of Schlitz Park). **(INFORMATIONAL) (NO ACTION NECESSARY)**

**SCHEDULED ITEMS (CONTINUED):**

34-A-490 **APPEARANCES:**

Jim Hill, Deputy Director, Department of Human Services

Comments ensued.

***The Committee took no action regarding this informational report.***

8. 02-155 An adopted resolution providing, among other things, that the Treasurer report  
(a) & monthly to the Finance and Audit Committee on the status of the County's  
02-11 portfolio. (*Adopted 3/21/02*) **(INFORMATIONAL) (NO ACTION NECESSARY)**

33-B-694 **APPEARANCES:**

Dorothy K. Dean Treasurer

Richard M. Rokus & Scott Holan, M&I Investment Management Corp.

Mr. Rokus walked the Committee through M&I's Advisory Report to the Finance and Audit Committee, dated May 16, 2002. Treasurer Dean also provided the Committee with a handout entitled, "Milwaukee County Cash Flow Schedules," dated April 25, 2002. Copies of these items have been made a part of the subject files.

Questions and comments ensued.

***The Committee took no action regarding this informational report.***

9. 01-685 From Director of Audits, submitting monthly status report regarding review of  
(a) management controls over Deferred Retirement Option Program (DROP) checks and report from Employee Retirement System (ERS) of retirements granted.  
**(INFORMATIONAL) (NO ACTION NECESSARY)**

34-A-575 **APPEARANCES:**

Jerome J. Heer, Director of Audits

Questions and comments ensued.

***The Committee took no action regarding this informational report.***

**DEADLINE**

*The deadline for items for the next regular meeting (June 13, 2002) is Friday, May 31, 2002.*

***All items for the agenda must be in the Committee Clerk's possession by the end of the business day on FRIDAY, MAY 31, 2002.***

**SCHEDULED ITEMS (CONTINUED):**

<p><i>ADA accommodation requests should be filed with the Milwaukee County Executive Office for Persons with Disabilities, 278-3932 (voice) or 278-3937 (TTD), upon receipt of this notice.</i></p>
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STAFF PRESENT: Terry D. Kocourek, Fiscal and Budget Administrator  
Terrence D. Cooley, Assistant Fiscal and Budget Administrator  
Jerome J. Heer, Director of Audits  
Rob Henken, Director of County Board Resarch

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This meeting was recorded on tape. The foregoing items were not necessarily considered in agenda order. Committee files contain copies of communications, reports and/or resolutions/ordinances, which may be reviewed upon request to the Chief Committee Clerk. The official copy of these minutes is available in the County Board Committee Services Division.

Length of Meeting: 9:05 a.m. to 11:00 a.m.  
11:25 a.m. to 1:20 p.m.

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Adjourned,

*Lauri Henning*

Lauri Henning, Chief Committee Clerk  
Committee on Finance and Audit

Chairperson: Supervisor Lynne De Bruin  
Clerk: Lauri Henning, 278-4227  
Research Analyst: Rob Henken, 278-4826

## COMMITTEE ON FINANCE AND AUDIT

Thursday, June 13, 2002 - 9:00 A.M.

Milwaukee County Courthouse - Room 201-B

### MINUTES

CASSETTE #34: Side B, #3-END  
CASSETTE #35: Side A, #1-END; Side B, #1-END  
CASSETTE #36: Side A, #1-END; Side B, #1-END  
CASSETTE #37: Side A, #1-END; Side B, #1-END  
CASSETTE #38: Side A, #1-#103

PRESENT: Supervisors Ryan, Nyklewicz, Holloway\*, Krug, Schmitt, Davis & De Bruin (Chair)

\*Supervisor Holloway was not present at the time of the roll call, but arrived shortly thereafter.

### SCHEDULED ITEMS:

1. 02-328 From the County Executive, appointing Linda J. Seemeyer to the position of Director of the Department of Administration.

34-B-19 **APPEARANCES:**  
Scott Walker, County Executive  
Linda Seemeyer  
Supervisor Willie Johnson, Jr., 13<sup>th</sup> District

County Executive Walker introduced Ms. Seemeyer, after which Ms. Seemeyer addressed the Committee.

Committee members proceeded to ask a series of questions, which were responded to by Ms. Seemeyer.

***ACTION BY: (Ryan) approve the appointment of Ms. Seemeyer to the position of Director of Administration. 7-0***

***AYES:*** Ryan, Nyklewicz, Holloway, Krug, Schmitt, Davis & De Bruin (Chair) – 7  
***NOES:*** 0

## SCHEDULED ITEMS (CONTINUED):

2. 02-307 A. From Pension Board Chairman, Milwaukee County Employees' Retirement System, relative to County Contribution to the Employees' Retirement System and OBRA 1990 Retirement System. **(Also to Personnel Committee)**

02F5 B. Informational briefing by Controller regarding pension fund contributions.

35-A-220 **APPEARANCES:**  
Scott Manske, Controller  
Jerome J. Heer, Director of Audits  
Supervisor Penny E. Podell, 3<sup>rd</sup> District  
Patty Yunk, AFSCME District Council 48  
Supervisor Daniel Diliberti, 8<sup>th</sup> District

It was noted that the Pension Board Chairman and the actuary could not attend today's meeting; however, they would be available for the July meeting to answer questions.

Mr. Manske provided Committee members and other interested parties with a handout that he used for his informational briefing, a copy of which is attached to the original of these minutes.

Questions and comments ensued.

***ACTION BY: (Ryan) lay over Item 2A. 7-0***

**AYES:** Ryan, Nyklewicz, Holloway, Krug, Schmitt, Davis & De Bruin (Chair) – 7  
**NOES:** 0

3. 02-330 From Fiscal and Budget Administrator and Controller, submitting the 2001 Report of Departmental Surpluses and Deficits. **(Recommended Action: Receive and Place on File)**

36-A-521 **APPEARANCES:**  
Scott Manske, Controller  
Jerome J. Heer, Director of Audits

Mr. Manske advised that the 2001 surplus is \$708,645, which is a decrease of \$2,596,765 from the 2000 surplus of \$3,305,410. He proceeded to review the subject report.

Questions and comments ensued.

**SCHEDULED ITEMS (CONTINUED):**

***ACTION BY: (Ryan) receive and place on file. 7-0***

**AYES:** Ryan, Nyklewicz, Holloway, Krug, Schmitt, Davis & De Bruin (Chair) – 7  
**NOES:** 0

4. 02-1 Fund Transfers.

**A1)-A3) – Departmental-Receipt of Revenue**  
**B1)-B2) – Capital Improvement**

35-A-203 ***ACTION BY: (Nyklewicz) approve all of the fund transfers. 7-0***

**AYES:** Ryan, Nyklewicz, Holloway, Krug, Schmitt, Davis & De Bruin (Chair) – 7  
**NOES:** 0

5. 02-12 From Acting Director, Department of Human Services, notifying of a projected deficit in Title XIX revenue of approximately \$400,000 due to a decrease in the census at the Behavioral Health Division's Rehabilitation Center – Hilltop facility.

**(INFORMATIONAL) (NO ACTION NECESSARY)**

35-B-560 **APPEARANCES:**

Kathleen Eilers, Acting Director, Department of Human Services  
Michael Kreuser, Director, Fiscal Support Section, Behavioral Health Division

Questions ensued.

***The Committee took no action regarding this informational report.***

6. 02-12 From Director of Parks, Recreation and Culture, notifying that the Parks Department will have a \$91,200 revenue deficit in mooring fee revenue in 2002.  
**(INFORMATIONAL) (NO ACTION NECESSARY)**

35-B-622 **APPEARANCES:**

Sue Baldwin, Director of Parks  
Dennis Weedall, Deputy Director of Parks (Finance/Administration)  
Greg Youngs, Deputy Director of Parks (Operations)  
Robert Andrews, Deputy Corporation Counsel

Chairman De Bruin asked Ms. Baldwin to keep the Committee informed of the Department's overall fiscal situation. Ms. Baldwin stated she would be happy to submit a status report during the September meeting cycle.

***The Committee took no action regarding this informational report.***



**SCHEDULED ITEMS (CONTINUED):**

7. 02-339 From Parks, Recreation and Culture Budget Reduction Work Group, submitting its report/recommendations. **(Also to Committee on Parks, Energy and Environment)**

36-B-80 **APPEARANCES:**

Sue Baldwin, Director of Parks

Dennis Weedall, Deputy Director of Parks (Finance/Administration)

Greg Youngs, Deputy Director of Parks (Operations)

Supervisor Nyklewicz, Chair of the Parks, Recreation and Culture Budget Reduction Work Group, reviewed the subject report and recommendations.

Discussion ensued.

Supervisor Davis expressed opposition to Recommendation #4 of the Work Group as set forth on page 3 of the report, which recommends that the Parks Committee consider conversion of the Par 3 golf course at Dineen Park into picnic areas.

***ACTION BY: (Nyklewicz) approve the freeze options as enumerated on page 6 of the subject report totaling \$590,476.***

***ACTION BY: (Ryan) amend the motion to include lay over of the balance of the Work Group's recommendations until next month, so they come back to the Committee when the other Work Group reports are submitted.***

Supervisor Nyklewicz accepted the above as a friendly amendment.

**Vote on approval of the freeze options totaling \$590,476 and lay over of the balance of the recommendations until the July cycle: 7-0**

**AYES:** Ryan, Nyklewicz, Holloway, Krug, Schmitt, Davis & De Bruin (Chair) – 7  
**NOES:** 0

8. 02-79 A. From Director of Audits, regarding Management Structure Review –  
(a) Department of Human Services. **(5/16/02: Referred Recommendation #1 to Committee on Health and Human Needs and Health and Human Services Budget Reduction Work Group)**

36-B-525 **SUPERVISOR RYAN IN THE CHAIR.**

**APPEARANCE:**

Jerome J. Heer, Director of Audits

**SCHEDULED ITEMS (CONTINUED):**

Questions and comments ensued.

***The Committee took no action regarding this informational report.***

8. 02-320 B. Resolution by Supervisors Weishan, Diliberti, Ryan, and others, endorsing realignment of the County's health and human needs function per a recommendation issued by the Department of Audit, and authorizing and directing the Department of Human Services, Department of Administration, Department of Human Resources, Department of Audit and County Board staff, as well as any other departments that they may need to assist them, to prepare a report specifying how this concept should be implemented as of January 1, 2003. **(Also to Committee on Health and Human Needs)**

36-B-650 **APPEARANCES:**

Supervisor John Weishan, Jr., 22<sup>nd</sup> District  
Kathleen Eilers, Acting Director, Department of Human Services  
Jennifer Moore-Glenn, Adult Services Division

Chairman Ryan directed that Supervisors Nyklewicz and Krug be added as co-sponsors of the subject resolution.

Supervisor Weishan commented on the resolution.

***ACTION BY: (De Bruin) concur in the action of the Health and Human Needs Committee, of June 12, 2002, as follows:***

***Delete Line 67, which reads, "3. Combination of the Adult Services Division and the Department on Aging."***

***Insert another BE IT FURTHER RESOLVED clause which provides that the recommendations proposed by the Department on Audit with regard to the combination of the Adult Services Division with the Department on Aging be reviewed in context of the Adult Services Division's Needs Assessment and Master Plan currently in development.***

Further comments followed.

Supervisor Davis asked for separate action on Lines 64 and 65 of the resolution.

**Vote on approval of Lines 64 and 65: 6-1**

**AYES:** De Bruin, Nyklewicz, Holloway, Krug, Schmitt & Ryan (Chair) – 6

**NOES:** Davis – 1

**SCHEDULED ITEMS (CONTINUED):**

**Vote on approval of the balance of the resolution as amended by the Health and Human Needs Committee: 7-0**

**AYES:** De Bruin, Nyklewicz, Holloway, Krug, Schmitt, Davis & Ryan (Chair) – 7  
**NOES:** 0

**10:30 A.M.**

9. 02F6 From Director, County Health Related Programs, submitting the following:  
“Return on Investment: A Report on the Contribution of the General Assistance Medical Program to the Residents of the County of Milwaukee.” (REPORT TO BE PROVIDED DIRECTLY BY CHRP) **(Also to Committee on Health and Human Needs) (BRIEF PRESENTATION BY DAVID ROGOFF, TAMPA, FLORIDA, A SPECIAL CONSULTANT PROVIDED TO THE COUNTY BY THE FEDERALLY FUNDED COMMUNITY ACCESS PROGRAM) (INFORMATIONAL) (NO ACTION NECESSARY)**

35-B-740 **APPEARANCES:**

Paula Lucey, Director of County Health Related Programs  
Joseph Cooper, Account Manager, County Health Related Programs  
David Rogoff, Consultant

Ms. Lucey introduced Mr. Rogoff, who, together with Mr. Cooper, proceeded to give a power point presentation on the subject report. A copy of the subject report and a handout of the presentation are attached to the original of these minutes.

***The Committee took no action regarding this informational report.***

10. 02-306 From Fiscal and Budget Administrator, regarding positions vacant one year or more as of February 16, 2002.

37-A-316 **APPEARANCE:**

Terry D. Kocourek, Fiscal and Budget Administrator

Mr. Kocourek indicated that the Department of Administration is recommending that 226 vacant positions be retained and that 79 vacant positions be abolished with the concurrence of the Departments.

***ACTION BY: (Nyklewicz) approve the aforesaid recommendation of the Department of Administration.***

## SCHEDULED ITEMS (CONTINUED):

Discussion ensued regarding the length of time that many of the positions are being held vacant. Chairman De Bruin indicated that she would like to have this issue looked at and potentially addressed in the 2003 budget.

### **Vote on approval with the understanding that follow-up will occur as noted above: 6-1**

**AYES:** Nyklewicz, Holloway, Krug, Schmitt, Davis & De Bruin (Chair) – 6

**NOES:** Ryan – 1

11. 02-331 From Director of Audits, submitting Audit of Department of Human Resources Hiring, dated June 2002. (PROVIDED DIRECTLY BY AUDIT)

37-B-520 **APPEARANCE:**

Jerome J. Heer, Director of Audits

Mr. Heer reviewed the audit report's findings and recommendations and recommended a six-month follow-up.

Supervisor Krug disputed Recommendation #2 on page 51, which recommends that the Civil Service Commission should be requested to change Rule IV, Section 1(3)(a) and (4)(a), to allow the departments to receive all names on the certified list of eligible candidates. He stated he does not support that kind of change.

Mr. Heer indicated that he would provide the Acting Director's one-page response to the new Director of Human Resources, once that person is appointed by the County Executive and confirmed by the County Board. He will also discuss the audit with the new Director. He pointed out that the Committee may see in the six-month status report modifications to the recommendations advanced by the Human Resources team.

***ACTION BY: (Ryan) lay over and refer to the new Human Resources Director for at least an initial response, even if verbal, within two months of that person being hired. 7-0***

**AYES:** Ryan, Nyklewicz, Holloway, Krug, Schmitt, Davis & De Bruin (Chair) – 7

**NOES:** 0

12. 02-327 From Director of Audits, submitting an Audit Review of Wauwatosa School District's Reimbursement of Operating Costs of the Milwaukee County Department of Human Services (MCDHS) Schools for the 2000-2001 School Year. (PROVIDED DIRECTLY BY AUDIT) (**Recommended Action: Receive and Place on File**)

**SCHEDULED ITEMS (CONTINUED):**

35-B-669 **APPEARANCE:**

Jerome J. Heer, Director of Audits

The Acting Director of the Department of Human Services submitted a response to the Audit Review, dated June 7, 2002, a copy of which has been made a part of the subject file.

***ACTION BY: (Nyklewicz) receive and place on file, with the understanding that the Director of Audits will submit a status report in six months. 7-0***

**AYES:** Ryan, Nyklewicz, Holloway, Krug, Schmitt, Davis & De Bruin (Chair) – 7  
**NOES:** 0

13. 02-329 From the Controller and Director of Audits, submitting an annual report on the status of Froedtert Memorial Lutheran Hospital lease payments to Milwaukee County. **(Recommended Action: Receive and Place on File)**

38-A-15 **APPEARANCES:**

Jerome J. Heer, Director of Audits  
Scott Manske, Controller

***ACTION BY: (Ryan) receive and place on file. 7-0***

**AYES:** Ryan, Nyklewicz, Holloway, Krug, Schmitt, Davis & De Bruin (Chair) – 7  
**NOES:** 0

14. 02-304 From the Sheriff, requesting the abolishment of 12 Medical Record positions in the Milwaukee County Criminal Justice Facility, effective July 1, 2002.

35-B-676 **APPEARANCES:**

Jon Priebe, Public Safety Fiscal Administrator

***ACTION BY: (Holloway) approve. 7-0***

**AYES:** Ryan, Nyklewicz, Holloway, Krug, Schmitt, Davis & De Bruin (Chair) – 7  
**NOES:** 0

15. 02-135 From Director of Audits, submitting a Compliance Review of Milwaukee Metropolitan Drug Enforcement Group (MMDEDG). **(2/14/02: laid over)**  
**(FOLLOW-UP REPORT FROM DIRECTOR OF AUDITS) (Recommended Action: Receive and Place on File)**

**SCHEDULED ITEMS (CONTINUED):**

37-B-487 **APPEARANCES:**

Jerome J. Heer, Director of Audits  
Inspector Kevin Carr, Sheriff's Department

***ACTION BY: (Nyklewicz) receive and place on file the Compliance Review.***

Mr. Heer noted that only one item in the review warrants follow-up – i.e. the recommendation regarding the City of Milwaukee MPD clerical support staff. He suggested a six-month status report on this item.

**Vote to receive and place on file, with the understanding that the Director of Audits will report in six months on the status of Item #1: 7-0**

**AYES:** Ryan, Nyklewicz, Holloway, Krug, Schmitt, Davis & De Bruin (Chair) – 7  
**NOES:** 0

16. 01-390 Follow-up reports regarding Audit of General Mitchell International Airport  
(a) Parking Operations, dated June 2001:

A. From Director of Public Works.

B. From Director of Audits.

**(Also to Committee on Transportation, Public Works and Transit)**  
**(INFORMATIONAL) (NO ACTION NECESSARY)**

35-B-690 **APPEARANCES:**

Anthony Snieg, Deputy Airport Director (Finance/Administration)  
Jerome J. Heer, Director of Audits

Questions ensued. Supervisor Holloway requested written information regarding DBE participation in the parking contract that will be considered by the Committee on Transportation, Public Works and Transit at a special meeting on June 20, 2002.

***The Committee took no action regarding this informational report.***

17. 02-185 From Director of Audits, submitting a follow-up regarding tracking of DBE  
(a) vendors. (Submitted pursuant to March 2002 Committee/Board action relating to  
Follow-up Audit of Purchasing Card Control) **(INFORMATIONAL) (NO ACTION**  
**NECESSARY)**

37-A-465 **APPEARANCES:**

Jerome J. Heer, Director of Audits  
Pinkey Buford, Acting Purchasing Administrator

## SCHEDULED ITEMS (CONTINUED):

Mr. Heer indicated that the Department of Audit partially concurs with the response from the Department of Administration – Procurement Division regarding Recommendation #10 of the Follow-up Audit of Purchasing Card Control relating to tracking of DBE vendors. [See subject report for comments by Audit Department.]

Discussion ensued.

***ACTION BY: (Schmitt) when the Department on Audit reports in September on the balance of the audit report recommendations, it should also report back with additional detail on the tracking of DBE vendors. 7-0***

**AYES:** Ryan, Nyklewicz, Holloway, Krug, Schmitt, Davis & De Bruin (Chair) – 7  
**NOES:** 0

18. 01-685 (a) From Director of Audits, submitting monthly status report regarding review of management controls over Deferred Retirement Option Program (DROP) checks and report from Employee Retirement System (ERS) of retirements granted.  
**(INFORMATIONAL) (NO ACTION NECESSARY)**

38-A-66 **APPEARANCE:**  
Jerome J. Heer, Director of Audits

***The Committee took no action regarding this informational report.***

19. 02-340 From the Treasurer, regarding contract with Dana Investment Advisors.

32-A-11 **APPEARANCES:**  
Dorothy K. Dean, Treasurer  
Gerald Denor and J. Joseph Veranth, Dana Investment Advisors

The subject request is for renewal of a contract entered into by the Treasurer, which now requires County Board approval due to the contract amount.

It was noted that the Treasurer received a DBE waiver for the original contract. Questions ensued as to what happens with DBE waivers for contract renewals. Ms. Dean indicated she would follow up on this matter and respond by Board Day (June 20) to Committee members. Supervisor Holloway asked for a formal response from the Director of Disadvantaged Business Development.

**SCHEDULED ITEMS (CONTINUED):**

***ACTION BY: (Nyklewicz) approve the subject request with the understanding that the DBD office will revisit this issue and get back to Committee members before Board Day. 7-0***

**AYES:** Ryan, Nyklewicz, Holloway, Krug, Schmitt, Davis & De Bruin (Chair) – 7  
**NOES:** 0

20. 02-155(a) From the Treasurer, submitting monthly status report on the County's portfolio.  
& 02-11 **(INFORMATIONAL) (NO ACTION NECESSARY)**

37-A-283 **APPEARANCE:**  
Dorothy K. Dean, Treasurer

In addition to the report submitted by the Treasurer, Ms. Dean provided copies of a report dated June 13, 2002, from Dana Investment Advisors, to the Clerk for distribution to Committee members.

***The Committee took no action regarding these informational reports.***

**Addendum Item**

21. 02-246 From Acting Director, UW-Extension, requesting a transfer of \$60,583 from the  
(a)(a) Appropriation for Contingencies to the appropriate account in order to pay for UW-Extension occupancy costs for the remainder of 2002. **(Also to Committee on Parks, Energy and Environment)**

37-A-605 **SUPERVISOR RYAN IN THE CHAIR.**

**APPEARANCES:**  
Ronnie Stricklin, Acting Director, UW-Extension  
William Hatcher, Associate Director of Economic Development

A lengthy discussion ensued.

***ACTION BY: (De Bruin) approve the subject request.***

Supervisor Holloway suggested that a legal opinion should be obtained before any more rental payments are made by the UW-Extension to the State Fair Park

**Supervisor De Bruin accepted, as a friendly amendment, Supervisor Holloway's suggestion to request a legal opinion from Corporation Counsel as to whether the UW-Extension is legally obligated to pay its rent since its lease was prematurely cancelled by the State Fair Park.**



**SCHEDULED ITEMS (CONTINUED):**

**SUPERVISOR NYKLEWICZ IN THE CHAIR.**

***ACTION BY: (Ryan) lay over.***

Discussion continued.

**Vote on lay over: 2-5 (FAILED)**

**AYES:** Ryan & Nyklewicz (Chair) – 2

**NOES:** De Bruin, Holloway, Krug, Schmitt & Davis – 5

***ACTION BY: (De Bruin) instead of the previous motion, move that (1) \$19,616 be transferred from the Appropriation for Contingencies to proper accounts in order to pay for UW-Extension's increased rental costs incurred at the State Fair Park; (2) the UW-Extension and Department of Administration put together a corrective action plan for the July cycle; (3) the issue of the UW-Extension's revenue generating abilities at State Fair Park be referred to Corporation Counsel to see if there is an ability to recoup lost revenue due to the actions of the State Fair Park; and (4) the Department of Administration continue discussions with the UW-Extension to determine if there is an immediate cash flow problem created by this recommendation and report any such problem prior to Board Day (June 20).***

Supervisor Ryan commented that the whole lease issue has to be looked at by Corporation Counsel. Supervisor De Bruin accepted that as a clarification to her motion.

Further comments followed.

**Vote on the above motion by Supervisor De Bruin as clarified: 6-1**

**AYES:** De Bruin, Holloway, Krug, Schmitt, Davis & Nyklewicz (Chair) – 6

**NOES:** Ryan – 1

**DEADLINE**

*The deadline for items for the next regular meeting (July 18, 2002) is Friday, July 5, 2002.*

***All items for the agenda must be in the Committee Clerk's possession by the end of the business day on FRIDAY, JULY 5, 2002.***

*ADA accommodation requests should be filed with the Milwaukee County Executive Office for Persons with Disabilities, 278-3932 (voice) or 278-3937 (TTD), upon receipt of this notice.*

**SCHEDULED ITEMS (CONTINUED):**

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STAFF PRESENT: Terry D. Kocourek, Fiscal and Budget Administrator  
Terrence D. Cooley, Assistant Fiscal and Budget Administrator  
Jerome J. Heer, Director of Audits  
Rob Henken, Director of County Board Research

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This meeting was recorded on tape. The foregoing items were not considered in agenda order. Committee files contain copies of communications, reports and/or resolutions/ordinances, which may be reviewed upon request to the Chief Committee Clerk. The official copy of these minutes is available in the County Board Committee Services Division.

Length of Meeting: 9:05 a.m. to 12:05 p.m.  
12:45 p.m. to 5:00 p.m.

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Adjourned,

*Lauri Henning*

Lauri Henning, Chief Committee Clerk  
Committee on Finance and Audit

Chairperson: Supervisor Lynne De Bruin  
Clerk: Lauri Henning, 278-4227  
Research Analyst: Rob Henken, 278-4826

## COMMITTEE ON FINANCE AND AUDIT

Thursday, July 18, 2002

Milwaukee County Courthouse – Room 201-B

### MINUTES

***NOTE: Due to the complexity of issues and length of the agenda, a morning session (9:00 a.m.) and an afternoon session (1:30 p.m.) have been scheduled. The Committee will break for lunch from approximately 12:30 p.m. to 1:30 p.m. Any unfinished items from the morning session will be completed during the afternoon session.***

CASSETTE #38: Side A, #38-END; Side B, #1-END  
CASSETTE #39: Side A, #1-END; Side B, #1-END  
CASSETTE #40: Side A, #1-END; Side B, #1-END  
CASSETTE #41: Side A, #1-END, Side B, #1-END  
CASSETTE #42: Side A, #1-END; Side B, #1-#389

### SCHEDULED ITEMS:

Morning Session - 9:00 A.M.

PRESENT: Supervisors Krug, Nyklewicz, Borkowski, Holloway, Schmitt, Davis & De Bruin (Chair)

1. 02-387 From the Controller, submitting the 2001 Comprehensive Annual Financial Report. (COPIES PROVIDED DIRECTLY BY CONTROLLER)  
**(Recommended Action: Receive and Place on File)**

9:14 a.m. **APPEARANCES:**  
Scott Manske, Controller

Mr. Manske briefly reviewed this item.

***ACTION BY: (Nyklewicz) receive and place on file. 7-0***

***AYES:*** Krug, Nyklewicz, Borkowski, Holloway, Schmitt, Davis & De Bruin (Chair) – 7

***NOES:*** 0

## SCHEDULED ITEMS (CONTINUED):

2. 02-395 From Director of Audits, submitting the following reports prepared by Arthur Andersen and Coleman and Williams as part of the 2002 County-wide audit:
- A. Single Audit for the Year Ended December 31, 2001.
  - B. Memorandum on Internal Control for the year ended December 31, 2001.
  - C. Employees' Retirement System 2001 Annual Report of the Pension Board.
  - D. Paratransit System Database Report and Transit System Database Report.
  - E. General Mitchell International Airport Schedule of Passenger Facility Charges for the Year Ended December 31, 2001.
  - F. Report of Independent Public Accountants.
- (COPIES TO BE PROVIDED DIRECTLY BY AUDIT DEPARTMENT)  
**(Recommended Action: Receive and Place on File)**

9:20 a.m.

### **APPEARANCES:**

Jerome J. Heer, Director of Audits  
Scott Manske, Controller  
Tom Wanta, Coleman and Williams

Mr. Heer reviewed the subject reports, excluding Item 2C, which was still in the process of being produced. He indicated that all active employees and retirees would receive a copy of Item 2C. Chairman De Bruin stated that the report would not be scheduled unless Committee members have questions.

***ACTION BY: (Krug) receive and place on file the reports received (2A-B and 2D-2F). 7-0***

Questions ensued.

### **Vote to receive and place on file: 7-0**

**AYES:** Krug, Nyklewicz, Borkowski, Holloway, Schmitt, Davis & De Bruin  
(Chair) – 7

**NOES:** 0

3. 02-246 A. Report, referred back 6/20/02, recommending adoption of a resolution  
(a)(a) authorizing and directing (1) Director, Department of Administration, to transfer \$19,616 from the Appropriation for Contingencies to the appropriate account in order to pay for additional UW-Extension occupancy costs in 2002; (2) UW-Extension and Department of Administration to jointly prepare a corrective action plan for addressing the remaining projected budgetary shortfall of \$40,967; and (3) Corporation Counsel to prepare and issue to UW-Extension and County Board an opinion regarding any legal recourse UW-Extension may have to avoid paying additional rent monies to the State Fair

## SCHEDULED ITEMS (CONTINUED):

Youth Center, to possibly recoup lost revenue due to its inability to secure appropriate meeting space at the State Fair Youth Center or to otherwise receive legal remedies due to inappropriate treatment by State Fair Park.

- 02F7      B. From Fiscal and Budget Administrator, regarding UW-Extension Cash Flow Analysis. **(INFORMATIONAL) (NO ACTION NECESSARY)**

9:40 a.m.

### **APPEARANCES:**

Ronnie Stricklin, Interim Director, UW-Extension  
Steve Mokrohisky, County Executive's Office  
Terry D. Kocourek, Fiscal and Budget Administrator  
William Hatcher, Associate Director of Economic Development

Mr. Stricklin submitted a corrective action plan, a copy of which is contained in File No. 02-246.

Mr. Mokrohisky informed the Committee that the County Executive does not support the transfer of \$40,000+ to the UW-Extension. He understands that the \$19,616 is, in part, due to circumstances beyond the UW-Extension's control, but the \$40,000+ is the responsibility of the UW-Extension.

An in-depth discussion ensued on this item, including: status of relocation; negotiations between the Department of Administration, Corporation Counsel and the West Allis/West Milwaukee School District relating to renovation costs at Roosevelt School; notice by State Fair Park of "substantial, substantial increases" if not out by end of State Fair; past and present budgetary problems/deficits; and long-term relationship between Milwaukee County and UW-Extension.

***ACTION BY: (Krug) reaffirm the previous recommendation with a modification to recommendation #2 as follows: "that UWEX and DOA are hereby authorized and directed to jointly prepare a corrective action plan for addressing the remaining projected budgetary shortfall of \$40,967 and to submit that plan to the County Board for consideration during the ~~July~~ September County Board meeting cycle."* 7-0**

**AYES:** Krug, Nyklewicz, Borkowski, Holloway, Schmitt, Davis & De Bruin  
(Chair) – 7

**NOES:** 0

4.    02-307      From Pension Board Chairman, Milwaukee County Employees' Retirement System, relative to County Contribution to the Employees' Retirement System and OBRA 1990 Retirement System. **(Also to Committee on Personnel)**  
**[6/13/02: LAID OVER]**

## **SCHEDULED ITEMS (CONTINUED):**

10:20 a.m.

### **APPEARANCES:**

Jeremiah Hegarty, Chairman, Pension Board  
Dennis Skelly, William Mercer Incorporated  
Steve Huff, Reinhart, Boerner, Van Duren

A lengthy discussion ensued on this item.

***ACTION BY: (Krug) recommend that the County Executive include \$20,003,841 in his 2003 recommended budget for the County's 2003 pension fund obligation. 3-4 (FAILED)***

**AYES:** Krug, Holloway & Schmitt – 3\*

**NOES:** Nyklewicz, Borkowski, Davis & De Bruin (Chair) - 4

**\*Supervisors Krug, Holloway and Schmitt later changed their vote to no, resulting in a 0-7 vote on the above motion.**

***ACTION BY: (Nyklewicz) reconsider the Committee's previous action recommending that the County Executive include \$20,003,841 in his 2003 recommended budget. 7-0***

**AYES:** Krug, Nyklewicz, Borkowski, Holloway, Schmitt, Davis & De Bruin (Chair) – 7

**NOES:** 0

### **SUPERVISOR KRUG IN THE CHAIR.**

Discussion and comments continued.

***ACTION BY: (De Bruin) lay over until September cycle with instructions to DOA and County Board fiscal staff to work with the County Executive's office to determine whether it is feasible to reopen [union] contracts [in order to negotiate budgetary savings]. In addition, that the department provide additional information as to the County's ability to make a pension fund contribution that would result in less than 100% funding of the pension fund. 6-1***

**AYES:** De Bruin, Nyklewicz, Borkowski, Holloway, Schmitt & Krug (Chair) – 6

**NOES:** Davis – 1

## SCHEDULED ITEMS (CONTINUED):

5. 02-390 From Director of Audits, regarding Employees' Retirement System Actuary Contract.

11:00 a.m.

### **APPEARANCES:**

Jerome J. Heer, Director of Audits  
Supervisor Daniel Diliberti, 8<sup>th</sup> District  
Jeremiah Hegarty, Chairman, Pension Board  
Dennis Skelly, William Mercer Incorporated  
Douglas Jenkins, Deputy Director of Audits

Mr. Heer explained the recommendations contained in the subject report, which are set forth below:

1. *Submit any service requests to the actuary in writing and that written requests specify who is requesting the service, and under which contractual agreement.*
2. *Require separate invoices for services rendered on their behalf.*
3. *Solicit competitive proposals for actuarial services. We believe that a contract period of five years would be more appropriate than the current open-ended arrangement.*
4. *Provide the County Executive and County Board with all relevant responses to inquiries provided by the ERS actuary whenever proposed ordinances affecting pension benefits are submitted for approval.*
5. *Include in its contract with the ERS actuary a provision permitting direct access by the Pension Study Commission to information, analysis and consultation from the actuary.*

A lengthy discussion ensued.

**ACTION BY: (Krug) approve all five recommendations as set forth above. 7-0**

**AYES:** Krug, Nyklewicz, Borkowski, Holloway, Schmitt, Davis & De Bruin  
(Chair) – 7

**NOES:** 0

6. 01-685 From Director of Audits, submitting monthly status report regarding review of  
(a) management controls over Deferred Retirement Option Program (DROP) checks and report from Employee Retirement System (ERS) of retirements granted.  
**(INFORMATIONAL) (NO ACTION NECESSARY)**

## SCHEDULED ITEMS (CONTINUED):

12:30 p.m. **APPEARANCES:**  
Jerome J. Heer, Director of Audits

***The Committee took no action regarding this informational report.***

7. 02-368 From the Sheriff, requesting creation of one position of Medical Director and one position of Physician HOC, effective August 1, 2002, and creation of nine positions of Nurse Practitioner, two positions of RN 1 Chronic Care Clinic, one position of Administrative Assistant 1 and one-half position of LPN, effective September 1, 2002, to implement a consent decree resulting from the Christensen, et al, lawsuit. **(Also to Personnel Committee and Departments of Administration and Human Resources) (REPORT FROM DOA)**

12:05 p.m. **SEE ACTION UNDER ITEM 12.**

8. 02-339 **Budget Reduction Work Group Report:**  
Courts and Public Safety

12:25 p.m. Supervisor Krug summarized the work group's findings.

***ACTION BY: (Borkowski) receive and place on file. 7-0***

**AYES:** Krug, Nyklewicz, Borkowski, Holloway, Schmitt, Davis & De Bruin (Chair) – 7

**NOES:** 0

5:33 p.m. **Later in the meeting, the following action was taken.**

***ACTION BY: (Krug) reconsider the Committee's previous action to receive and place on file the Courts and Public Safety Budget Reduction Work Group report. 7-0***

**AYES:** Krug, Nyklewicz, Borkowski, Holloway, Schmitt, Davis & De Bruin (Chair) – 7

**NOES:** 0

***Thereafter, the Committee took no action regarding this informational report.***



**SCHEDULED ITEMS (CONTINUED):**

9. 02-156 From Deputy Register of Deeds, requesting creation of one position of Document Recorder to assist in the recording of real estate documents. **(Also to Personnel Committee and Departments of Administration and Human Resources) (REPORT FROM DOA)**

12:05 p.m. **APPEARANCES:**  
Ignatius Niemczyk, Register of Deeds  
Tom Lewandowski, DOA Budget Analyst

**SEE ACTION UNDER ITEM 12.**

10. 02-332 From Director, Housing & Community Development, requesting the creation of a Housing Inspector position in the Housing & Community Development Division. **(Also to Personnel Committee and Department of Human Resources) (REPORT FROM COUNTY BOARD STAFF)**

12:05 p.m. **SEE ACTION UNDER ITEM 12.**

11. 02-364 From Director, Department on Aging, requesting creation of five Registered Nurse 2 positions to address challenges the department will undergo during the entitlement of the Care Management Organization benefit program. **(Also to Personnel Committee and Departments of Administration and Human Resources) (REPORT FROM DOA)**

12:05 p.m. **APPEARANCES:**  
George Searing, Assistant Director, Department on Aging  
Molly Pahl, DOA Budget Analyst

**SEE ACTION UNDER ITEM 12.**

12. 02-345 From Acting Director, Department of Human Services, requesting creation of one position of Clerical Assistant 1 and abolishment of one vacant position of Office Support Assistant 2. **(Also to Personnel Committee and Departments of Administration and Human Resources) (REPORT FROM DOA)**

12:05 p.m. **ITEMS 7, 9, 10, 11 AND 12 WERE CONSIDERED TOGETHER.**

***ACTION BY: (Krug) approve the DOA recommendations for Items 7, 9, 10, 11 and 12 as detailed in the staff reports. 7-0***

**AYES:** Krug, Nyklewicz, Borkowski, Holloway, Schmitt, Davis & De Bruin  
(Chair) – 7

**NOES:** 0

## SCHEDULED ITEMS (CONTINUED):

13. 01-421 Report, referred back 1/24/02, recommending that the Audit of Mental Health  
(a)(a) Division Wraparound Milwaukee Program, dated January 2002, be RECEIVED  
AND PLACED ON FILE, with the understanding that a status report be submitted  
in six months by the Director of Audits regarding progress on implementation of  
audit recommendations. **(STATUS REPORT FROM DIRECTOR OF AUDITS)**  
**(Recommended Action: Receive and Place on File the Audit and Status Report)**

4:35 p.m. **APPEARANCES:**  
Jerome J. Heer, Director of Audits

Mr. Heer noted that Recommendations 3, 5, 10 and 19 are designated "further action required." He stated the Audit Department plans on following up on these items and will bring them back to Committee as necessary. He recommended that the status report, dated June 10, 2002, and the audit itself be received and placed on file.

***ACTION BY: (Krug) receive and place file on file the Audit of Mental Health Division Wraparound Milwaukee Program and the status report from the Director of Audits dated June 10, 2002, with the understanding that the Audit Department will follow through on Recommendations 3, 5, 10 and 19. 7-0***

**AYES:** Krug, Nyklewicz, Borkowski, Holloway, Schmitt, Davis & De Bruin  
(Chair) – 7

**NOES:** 0

14. 02-363 From the District Attorney, requesting creation of a new position of Director for  
the Milwaukee High Intensity Drug Trafficking Area (HIDTA), effective August 18,  
2002. **(Also to Personnel Committee and Departments of Administration and  
Human Resources) (REPORT FROM DOA)**

12:20 p.m. **APPEARANCES:**  
James Martin, Deputy District Attorney

Concern was expressed regarding the level of compensation for this position. The Committee recognized that such determination is the responsibility of the Personnel Committee and asked that its concern be forwarded to that Committee.

***ACTION BY: (Davis) approve the request as recommended by the Department of Administration, effective August 1, 2002, with the position asterisked for abolishment if grant funding is discontinued. 5-2***

**AYES:** Borkowski, Holloway, Schmitt, Davis & De Bruin (Chair) – 5

**NOES:** Krug & Nyklewicz – 2

## **SCHEDULED ITEMS (CONTINUED):**

15. 02-355 From Director of Parks, Recreation and Culture, submitting a proposed modification to the Intergovernmental Cooperation Agreement with the Milwaukee Metropolitan Sewerage District concerning a maintenance management plan for flood control facilities at Lincoln Creek Parkway (Reach 5). **(NOTE: Parks, Energy & Environment Committee, on 7/9/02, recommended approval - vote 6-1.)**

4:45 p.m.

### **APPEARANCES:**

Dennis Weedall, Deputy Director, Parks Department

***ACTION BY: (Nyklewicz) concur in the action of the Parks, Energy and Environment Committee of 7/9/02. 7-0***

**AYES:** Krug, Nyklewicz, Borkowski, Holloway, Schmitt, Davis & De Bruin (Chair) – 7

**NOES:** 0

16. 02-273 From Director of Parks, regarding request to enter into a Memorandum of Understanding and grant easements to allow St. Luke's Medical Center to utilize County land to enhance health care services, while at the same time establishing a compensation scenario that will provide funding for County repair and maintenance of Kinnickinnic River Parkway, continue an existing revenue stream, provide funding for employee health, safety and security initiatives and also provide a partnership with St. Luke's by providing a substantial discount for health related employee services. **(NOTE: Parks, Energy & Environment Committee, on 7/9/02, recommended approval as amended to provide that St. Luke's would pay for all real estate filing fees – vote 7-0.)**

4:47 p.m.

### **APPEARANCES:**

Dennis Weedall, Deputy Director, Parks Department  
Joseph Cooper, County Health Related Programs  
Dennis Potts, St. Luke's Medical Center

Mr. Weedall reviewed the item and provided the Committee with a handout outlining St. Luke's compensation proposal, a copy of which is contained in the subject file.

Discussion ensued, after which the following actions were taken.

***ACTION BY: (Schmitt) amend the Department's proposed resolution as follows:***

***MODIFY the RESOLVED clause on Line 20 as follows: "BE IT RESOLVED, that the referenced MOU is hereby approved with an amendment regarding the provisions pertaining to the annual \$150,000 of in-kind health care services to***

**SCHEDULED ITEMS (CONTINUED):**

**be provided by St. Luke's to delete all references to occupational health care services and to instead indicate that the Division on County Health Related Programs will work with St. Luke's to identify the nature of the annual \$150,000 of in-kind health care services to be provided by St. Luke's under the terms of the MOU; and."**

***DELETE the RESOLVED clause on Lines 23 and 24, which reads: "BE IT FURTHER RESOLVED, that Discounted In-Kind Services concept is hereby approved as detailed in the report and MOU; and."***

**Vote on Supervisor Schmitt's amendment: 7-0**

**AYES:** Krug, Nyklewicz, Borkowski, Holloway, Schmitt, Davis & De Bruin (Chair) – 7

**NOES:** 0

***ACTION BY: (Holloway) amend the MOU in Paragraph 8B – In-Kind Health Care Services, lines 113-120 (as suggested by Supervisor Endries), by deleting the last sentence in that paragraph, which reads "In no event will there be a carryover after December 31, 2008." In addition, delete the words "Risk Management" on Line 28 of the Parks Department's proposed resolution to provide that the Employee Health and Safety Trust Fund shall be administered by DOA and not indicating a specific division of the department. 7-0***

**AYES:** Krug, Nyklewicz, Borkowski, Holloway, Schmitt, Davis & De Bruin (Chair) – 7

**NOES:** 0

***ACTION BY: (Holloway) approve the amendment by the Parks, Energy and Environment Committee providing that St. Luke's would pay for all real estate filing fees. 7-0***

**AYES:** Krug, Nyklewicz, Borkowski, Holloway, Schmitt, Davis & De Bruin (Chair) – 7

**NOES:** 0

***ACTION BY: (Borkowski) approve the request as amended. 7-0***

**AYES:** Krug, Nyklewicz, Borkowski, Holloway, Schmitt, Davis & De Bruin (Chair) – 7

**NOES:** 0

**SCHEDULED ITEMS (CONTINUED):**

17. 02-388 From Fiscal and Budget Administrator, recommending adoption of a resolution declaring official intent to reimburse expenditures on Airport parking structure project from proceeds of bonds.

5:35 p.m. **APPEARANCES:**  
Pamela Bryant, Capital Finance Manager

Ms. Bryant explained this item.

***ACTION BY: (Nyklewicz) approve. 7-0***

**AYES:** Krug, Nyklewicz, Borkowski, Holloway, Schmitt, Davis & De Bruin (Chair) – 7

**NOES:** 0

18. 02-384 Resolution by Supervisor Krug, establishing a Human Resource System Management Committee for the purpose of oversight of the study of alternatives for, and implementation of, a solution for the outsourcing or provision of a system or systems encompassing the following functions: payroll, personnel, retirement, human resources planning, applicant processing and related human resource functions, and authorizing an expenditure of funds for the study.

5:38 p.m. **APPEARANCES:**  
Mary Reddin, Assistant Manager, Information Management Services Division

Ms. Reddin expressed support for the proposed resolution.

The other Committee members were added as co-sponsors of the resolution.

***ACTION BY: (Schmitt) approve the subject resolution. 7-0***

**AYES:** Krug, Nyklewicz, Borkowski, Holloway, Schmitt, Davis & De Bruin (Chair) – 7

**NOES:** 0

Afternoon Session – 1:30 P.M.

PRESENT: Supervisors Krug, Nyklewicz, Borkowski, Holloway\*, Schmitt, Davis & De Bruin (Chair)

\*Supervisor Holloway was not present at the time of the roll call, but arrived shortly thereafter.

## SCHEDULED ITEMS (CONTINUED):

19. 02-281  
(a)(a) An adopted resolution desiring to pursue the concept of a single Department of Administrative Services to provide all County overhead functions to other departments, and authorizing and directing the Departments of Administration, Human Resources and Audit, and County Board staff, as well as any other departments that they may need to assist them, to prepare a report specifying how this concept should be implemented as of January 1, 2003. *(Adopted 5/23/02)*  
**(REPORT FROM DOA, AUDIT AND COUNTY BOARD STAFF)**

1:40 p.m.

### **APPEARANCES:**

Scott Walker, County Executive  
Supervisor Michael Mayo, 7<sup>th</sup> District  
Terry D. Kocourek, Fiscal and Budget Administrator  
Rob Henken, Director of County Board Research  
Jerome J. Heer, Director of Audits  
Robert McKnight, Principal Assistant Corporation Counsel  
Supervisor Roger Quindel, 18<sup>th</sup> District  
Chief Judge Michael Skwierawski  
Supervisor Willie Johnson, Jr., 13<sup>th</sup> District

County Executive Walker expressed support for a new Department of Administrative Services as proposed in the report, dated July 12, 2002, from the Fiscal and Budget Administrator, Director of Audits and Director of County Board Research, a copy of which is contained in the subject file. He indicated his openness to fine tune the particular components recommended, but emphasized that it be done within the context of the same dollar savings.

Regarding Item 26 on the agenda, the County Executive expressed full support of the substitute resolution/ordinance proposed by Supervisor De Bruin, et al. He stated that it adequately addresses his original intent in bringing forth his resolution/ordinance; in fact, it actually improves his original recommendation.

Regarding Item 24 on the agenda, the County Executive reinforced the significance of the \$51 million shortfall, which is driven primarily by the pension contribution, wage increase and health care benefits. He stressed that this shortfall is real.

In response to a query by Supervisor Holloway regarding elimination of the function of the Economic Development Division, the County Executive advised that he is looking at setting up a mechanism to re-evaluate/re-establish the County's role in general in the area of economic development. He hopes to announce a plan shortly.

## SCHEDULED ITEMS (CONTINUED):

Further comments ensued in this area.

Mr. Kocourek proceeded to make introductory comments regarding the July 12 report. As Budget Director, he appreciates where the County is fiscally for 2002 and 2003. The challenge for next year is the greatest he's ever seen. The County is faced with very hard decisions on what priorities are going to be funded. He emphasized that a budget cannot be put together without reductions in staff. He believes that the proposal for the Department of Administrative Services (DAS) is a model that would still allow for needed services to be provided with reduced staff and possibly improve communications and reporting.

Mr. Henken presented the details contained in the July 12 report.

Mr. Heer advised that the Chief Judge submitted a communication, dated July 17, commenting on the proposed changes affecting the judicial branch of government related to the DAS. Committee members were provided with a copy of this communication, which has been made a part of the subject file. Later in the meeting, the Chief Judge appeared before the Committee at which time he expressed agreement with the overall direction and strategy proposed and his intent to cooperate to carry out the goals of more effective and efficient governmental functions in Milwaukee County. However, he stated that the basic support functions for the courts and the judicial branch of government must be adequately staffed to carry out constitutional responsibilities and that he would fulfill his responsibility to ensure that the new plan provided such staffing.

Mr. Heer further advised that Jeremiah Hegarty, Pension Board Chairman, has concerns regarding the DAS proposal, which have been reduced to writing. He provided Committee members with those concerns, a copy of which has been made a part of the subject file.

Mr. Heer also noted that there is a report from Robert McKnight, Principal Assistant Corporation Counsel, dated July 18, regarding the DAS proposal as it relates to the Disadvantaged Business Development (DBD) office. Committee members were provided a copy of that report, which has also been made a part of the subject file.

Discussion ensued regarding the proposal to fold the DBD Division into the Procurement Division to form a new Division of Procurement and Disadvantaged Business Development.

***ACTION BY: (Davis) refer the recommendation relating to the DBD Division to the DBE Steering Committee for a recommendation for the Committee's consideration at its September meeting.***

## SCHEDULED ITEMS (CONTINUED):

***ACTION BY: (Holloway) delay taking action regarding the Economic Development Division until the County Executive brings forth his model in this area.***

Further comments followed.

### **SUPERVISOR KRUG IN CHAIR.**

Supervisor De Bruin proceeded to make the following motion, which incorporates the motions proposed by Supervisor Davis regarding the DBD office and Supervisor Holloway regarding the Economic Development Division.

***ACTION BY: (De Bruin) approve the proposed Department of Administrative Services, in concept, particularly the overall funding and structure of combining into a Department of Administrative Services, but that the specific areas of DBD and Procurement as well as the role of Economic Development Division and other issues raised be further investigated not only by the three authors but by the DBE Steering Committee, further review by Corporation Counsel, and report back in September as to final recommendations with final approval granted or not granted in September.***

Mr. Henken pointed out that he and the co-authors of the July 12 report were not charged with determining what the County's future role should be in the area of economic development. If that is the desire of the Committee/County Board, they can do that.

Supervisor De Bruin clarified her motion by stating it is not her intent for staff to make a recommendation in that area, but to wait for a recommendation from the new committee being formulated by the County Executive to look at the County's future role in the area of economic development.

### **Vote on approval of motion by Supervisor De Bruin: 7-0**

**AYES:** De Bruin, Nyklewicz, Borkowski, Holloway, Schmitt, Davis & Krug (Chair) – 7

**NOES:** 0

- 20. 02-397 From Fiscal and Budget Administrator, regarding recommendation for bond counsel services.
- 21. 02-396 From Fiscal and Budget Administrator, regarding recommendation for financial advisor services.

5:40 p.m. **ITEMS 20 AND 21 WERE CONSIDERED TOGETHER.**



## SCHEDULED ITEMS (CONTINUED):

### **APPEARANCES:**

Pamela Bryant, Capital Finance Manager

Ms. Bryant provided the Committee with a handout showing the panel rankings for financial advisor and bond counsel, which she prepared at the request of Supervisor De Bruin, a copy of which is contained in the subject files.

***ACTION BY: (Borkowski) approve the evaluation committee's recommendations to (1) retain Quarles and Brady/Butler Rodgers & Johnson, LLC, as the County's bond counsel for 2002-2004 debt financings (ITEM 20); (2) retain Robert W. Baird & Co./SBK Brooks Investment Corporation for all of the County's bond financings with the exception of the Airport revenue bond financings for 2002-2004 (ITEM 21); and (3) retain First Albany Corporation/Davis Financial as the County's financial advisors for the Airport's 2002-2004 revenue bond financings (ITEM 21).***

Comments ensued.

### **Vote to approve the evaluation committee's recommendations regarding Items 20 and 21: 7-0**

**AYES:** Krug, Nyklewicz, Borkowski, Holloway, Schmitt, Davis & De Bruin (Chair) – 7

**NOES:** 0

22. 02-1

Fund Transfers.

**A1)-A2) – Departmental-Receipt of Revenue**

**B1) – Unallocated Contingent Fund**

**C1)-C4) – Capital Improvement**

**D1)-D2) – Departmental-Capital Outlay**

**E1) – Inter-Departmental**

**F1)-F2) – Departmental-Other Charges**

**G1) – Departmental**

4:47 p.m.

***ACTION BY: (Nyklewicz) approve the aforesaid fund transfers. 7-0***

**AYES:** Krug, Nyklewicz, Borkowski, Holloway, Schmitt, Davis & De Bruin (Chair) – 7

**NOES:** 0

## **SCHEDULED ITEMS (CONTINUED):**

23. 02-16      A. From Fiscal and Budget Administrator, submitting 2002 fiscal update.  
**(INFORMATIONAL) (NO ACTION NECESSARY)**

5:46 p.m.

**APPEARANCES:**

Terry D. Kocourek, Fiscal and Budget Administrator

Terrence Cooley, Assistant Fiscal and Budget Administrator

Mr. Kocourek reported a net deficit projection for 2002 at this time of approximately \$1.6 million. He pointed out that a number of areas need to be monitored that would impact this deficit. There are other positive variables that have not been included in this projection, including the recent freezes and budget reductions, salary savings, etc. He hopes to end the year with a positive balance.

Comments ensued, including a request by Supervisor Davis for 2001 sales tax projections.

***The Committee took no action regarding this informational report.***

- 02-182      B. From Fiscal and Budget Administrator, recommending modification to the  
(a)              2002 fiscal constraint action plan.

5:58 p.m.

**APPEARANCES:**

Terry D. Kocourek, Fiscal and Budget Administrator

Mr. Kocourek reviewed the subject report.

***The Committee took no action regarding this informational report.***

24. 02F8      From the County Executive, relative to projected 2003 budget shortfall.  
**(INFORMATIONAL) (NO ACTION NECESSARY)**

6:04 p.m.

**APPEARANCES:**

Terry D. Kocourek, Fiscal and Budget Administrator

**See comments made by the County Executive on this item under Item 19 of this agenda.**

Mr. Kocourek summarized the subject report and indicated that the County Executive prepared the report so the County Board would understand the severity of the County's 2003 budget outlook and the difficulty that will be associated with addressing this shortfall.

***The Committee took no action regarding this informational report.***

## SCHEDULED ITEMS (CONTINUED):

25. 02-339      **Budget Reduction Work Group Reports:**  
A. Staff Agencies and General Government  
B. Health and Human Services  
C. Transportation and Public Works  
D. Parks, Recreation and Culture (recommended “freezes” were approved by the County Board on 6/20/02; balance of recommendations laid over by Finance and Audit Committee on 6/13/02)
- 5:25 p.m.      **Item 25A**  
Supervisor Borkowski, Chair of the Staff Agencies and General Government Budget Reduction Work Group, briefly reviewed the work group’s report. He indicated that the Work Group recommends 2002 budget reductions totaling \$150,000 - \$50,000 from the Department of Human Resources and \$100,000 from the Information Management Services Division.
- ACTION BY: (Borkowski) approve the aforesaid 2002 budget reductions. 7-0***
- AYES:** Krug, Nyklewicz, Borkowski, Holloway, Schmitt, Davis & De Bruin (Chair) – 7  
**NOES:** 0
- 5:20 p.m.      **Item 25B**  
Supervisor Weishan, Chair of the Health and Human Services Budget Reduction Work Group, reviewed the work group’s report. He indicated that no action was recommended at this time. Staff will be submitting recommendations in the September meeting cycle regarding reorganization of the Department of Human Services.
- 5:30 p.m.      **Item 25C**  
Supervisor Davis, Chair of the Transportation, Public Works and Transit Budget Reduction Work Group, reviewed the work group’s report. He indicated no 2002 reductions were recommended and suggested the report be kept in the Committee at this time.
- 5:18 p.m.      **Item 25D**  
Supervisor Nyklewicz, Chair of the Parks, Recreation and Culture Budget Reduction Work Group, recommended no action beyond what was previously recommended in this area.

## SCHEDULED ITEMS (CONTINUED):

26. 02-324 From the County Executive, recommending adoption of a resolution/ordinance to reform the operation of County government. **(Also to Committee on Intergovernmental Relations)**

6:11 p.m. **APPEARANCES:**  
Steve Mokrohisky, County Executive's Office  
Supervisor John Weishan, Jr., 22<sup>nd</sup> District

### **SUPERVISOR KRUG IN THE CHAIR.**

A substitute resolution/ordinance was submitted by Supervisors De Bruin, W. Johnson, Ordians, Diliberti, Krug and Schmitt, a copy of which is contained in the subject file. Supervisors Borkowski and Holloway were added as co-sponsors. Supervisor De Bruin proceeded to explain the details of the substitute and noted the differences between the substitute and the original version recommended by the County Executive.

**See comments made by the County Executive on this item under Item 19 of this agenda.**

Supervisor Nyklewicz expressed concern regarding the elimination of the requirement that provides for notice to the County Board of revenue deficits of greater than \$75,000.

Comments ensued.

***ACTION BY: (Nyklewicz) retain the language on Lines 129 and 130 in Section 56.02 of the General Ordinances of Milwaukee County, subparagraph (1), relating to notification to the County Board of revenue deficits of greater than \$75,000. 7-0***

**AYES:** De Bruin, Nyklewicz, Borkowski, Holloway, Schmitt, Davis & Krug (Chair) – 7

**NOES:** 0

Supervisor Weishan expressed concern regarding the proposals contained in the substitute resolution/ordinance.

In light of one of Supervisor Weishan's comments, Supervisor De Bruin offered the following motion.

***ACTION BY: (De Bruin) amend the RESOLVED clause on Lines 208-213 as follows: "BE IT FURTHER RESOLVED, that in order to promote accountability***

**SCHEDULED ITEMS (CONTINUED):**

***based on performance and results, ~~as opposed to accountability based on compliance with burdensome policies and practices~~, each county department shall submit a report to its parent County Board policy committee by June 1 and October 1 of each year detailing its year-to-date success in achieving the performance targets, indicators and outcomes contained in its departmental budget; and" 7-0***

**AYES:** De Bruin, Nyklewicz, Borkowski, Holloway, Schmitt, Davis & Krug (Chair) – 7

**NOES:** 0

Further discussion ensued.

***ACTION BY: (De Bruin) amend the substitute resolution/ordinance by adding the provision that County Board staff shall review the impact of changes contained in this resolution/ordinance and submit a report detailing those impacts to the Committee on Finance and Audit after the changes have been implemented for one year.***

***ACTION BY: (Davis) amend the substitute resolution/ordinance by adding the provision that any professional service contracts contained in the annual budget shall abide by all relevant provisions of the General Ordinances of Milwaukee County, including Chapters 42 and 56.30, and all necessary documents demonstrating compliance shall be available for review by the Committee on Finance and Audit during annual budget deliberations.***

**Vote on approval of the amendments by Supervisors De Bruin and Davis as set forth above: 7-0**

**AYES:** De Bruin, Nyklewicz, Borkowski, Holloway, Schmitt, Davis & Krug (Chair) – 7

**NOES:** 0

Supervisors Krug and Nyklewicz expressed uneasiness regarding the increase to \$50,000, from \$20,000, of professional service contracts that require approval by the County Board.

***ACTION BY: (De Bruin) approve the substitute resolution/ordinance as amended. 7-0***

**AYES:** De Bruin, Nyklewicz, Borkowski, Holloway, Schmitt, Davis & Krug (Chair) – 7

**NOES:** 0

## SCHEDULED ITEMS (CONTINUED):

27. 02-398 From Principal Assistant Corporation Counsel, relative to continued funding of Corporation Counsel's consulting contract with 4-N Consultants, Inc. regarding Rule 26 Compliance Measures.

6:10 p.m.

### **APPEARANCES:**

David Stokes, Director, Disadvantaged Business Development

***ACTION BY: (Davis) approve the request that Corporation Counsel be authorized to execute the necessary contractual documents to pay 4-N Consultants, Inc. a sum not to exceed \$25,500 for additional consulting services and that the Department of Administration be authorized to pay invoices up to the amount of \$25,500 which are approved by the Corporation Counsel for services rendered by 4-N Consultants. 7-0***

**AYES:** Krug, Nyklewicz, Borkowski, Holloway, Schmitt, Davis & De Bruin (Chair) – 7

**NOES:** 0

### **DEADLINE**

*The deadline for items for the next regular meeting (September 19, 2002) is Friday, September 6, 2002.*

***All items for the agenda must be in the Committee Clerk's possession by the end of the business day on FRIDAY, SEPTEMBER 6, 2002.***

*ADA accommodation requests should be filed with the Milwaukee County Executive Office for Persons with Disabilities, 278-3932 (voice) or 278-3937 (TTD), upon receipt of this notice.*

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### **STAFF PRESENT:**

Terry D. Kocourek, Fiscal and Budget Administrator

Terrence D. Cooley, Assistant Fiscal and Budget Administrator

Jerome J. Heer, Director of Audits

Rob Henken, Director of County Board Research

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**SCHEDULED ITEMS (CONTINUED):**

This meeting was recorded on tape. The foregoing items were not necessarily considered in agenda order. Committee files contain copies of communications, reports and resolutions/ordinances, which may be reviewed upon request to the Chief Committee Clerk. The official copy of these minutes is available in the County Board Committee Services Division.

Length of Meeting: 9:10 a.m. to 12:30 p.m.  
1:40 p.m. to 4:20 p.m.  
4:35 p.m. to 7:06 p.m.

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Adjourned,

*Lauri Henning*

Lauri Henning, Chief Committee Clerk  
Committee on Finance and Audit

Chairperson: Supervisor Lynne De Bruin  
Clerk: Lauri Henning, 278-4227  
Research Analyst: Rob Henken, 278-4826

## COMMITTEE ON FINANCE AND AUDIT

Thursday, September 19, 2002 - 9:00 A.M.

Milwaukee County Courthouse - Room 201-B

### MINUTES

CASSETTE #43: Side A, #4-END; Side B, #1-END  
CASSETTE #44: Side A, #1-#650

PRESENT: Supervisors Krug, Nyklewicz, Borkowski, Schmitt, Davis and De Bruin (Chair)  
EXCUSED: Supervisor Holloway

#### SCHEDULED ITEMS:

1. 02-307 From Pension Board Chairman, Milwaukee County Employees' Retirement System, relative to County Contribution to the Employees' Retirement System and OBRA 1990 Retirement System. **(Also to Personnel Committee)**  
**[LAID OVER 6/13/02 & 7/18/02]**

43-A-21 **APPEARANCES:**  
Dennis Skelly, Mercer Incorporated  
Jerome J. Heer, Director of Audits  
Douglas Jenkins, Deputy Director of Audits  
Jeremiah Hegarty, Pension Board Chairman

***ACTION BY: (Nyklewicz) approve the resolution provided to Committee members this morning that basically forwards to the County Executive the reports received (from Mercer and Milliman) and recommends that he include in his Recommended Budget an amount appropriate to fund the Employees' Retirement System to ensure that it is sufficiently funded.***

Questions, comments and discussion ensued.

**Vote on approval of the aforesaid resolution: 6-0**

**AYES:** Krug, Nyklewicz, Borkowski, Schmitt, Davis & De Bruin (Chair) – 6  
**NOES:** 0  
**EXCUSED:** Holloway



## SCHEDULED ITEMS (CONTINUED):

2. 02-429 From the County Executive, appointing Linda J. Seemeyer to the Southeastern Wisconsin Regional Planning Commission (SEWRPC).

43-A-504 **PRESENT:**  
Linda Seemeyer

***ACTION BY: (Borkowski) recommend confirmation of the said appointment.***  
**6-0**

**AYES:** Krug, Nyklewicz, Borkowski, Schmitt, Davis & De Bruin (Chair) – 6

**NOES:** 0

**EXCUSED:** Holloway

3. 02-1 Fund Transfers.  
**A1)-A7) – Departmental-Receipt of Revenue**  
**B1) – Unallocated Contingent Fund**  
**C1)-C11) – Capital Improvement**  
**D1)–D3) – Departmental**

43-A-508 A corrected page for fund transfer D1) was provided to Committee members.

**APPEARANCES:**

C. Barry Bateman, Airport Director  
Kevin Carr and Mike Kalonick, Sheriff's Department  
Scott Manske, Controller

Chairman De Bruin informed the Committee that she had requested supplemental information from the Airport Director on the Airport fund transfers. If Committee members were interested, copies could also be given to them.

Discussion ensued regarding fund transfer B1) – the Sheriff's request for \$3,230,000 from the Appropriation for Contingencies to pay temporary help costs, medical service fees and prescription drug costs for inmates.

***ACTION BY: (Nyklewicz) approve the fund transfers, including the correction for D1).*** **6-0**

**AYES:** Krug, Nyklewicz, Borkowski, Schmitt, Davis & De Bruin (Chair) – 6

**NOES:** 0

**EXCUSED:** Holloway

## SCHEDULED ITEMS (CONTINUED):

4. 02-246 (a)(a) An adopted resolution providing, among other things, that (a) the University of Wisconsin-Extension (UWEX) and the Department of Administration jointly prepare a corrective action plan for addressing the remaining projected budgetary shortfall of UWEX and submit that plan to the County Board for consideration during the September County Board meeting cycle, and (b) that Corporation Counsel prepare and issue to UWEX and the County Board an opinion regarding any legal recourse UWEX may have to avoid paying additional rent monies to the State Fair Youth Center, to possibly recoup lost revenue due to its inability to secure appropriate meeting space at the State Fair Youth Center or to otherwise receive legal remedies due to inappropriate treatment by State Fair Park.  
*(Adopted 7/25/02)*

### 44-A-710 **APPEARANCES:**

Jose Vasquez, District Director, UW-Extension  
Carolyn Johnson, Interim Director of Finances, UW-Extension

Chairman De Bruin informed the Committee that Corporation Counsel has indicated they did not get an appropriate question; therefore, they have not responded to the issues outlined in (b) of the heading above.

The Fiscal and Budget Administrator submitted a report, dated September 13, 2002 (copy contained in the subject file), responding to the directive that the UW-Extension and Department of Administration jointly prepare a corrective action plan to address the remaining UW-Extension projected budgetary shortfall for consideration during the September meeting cycle.

The Department of Administration and UW-Extension recommend the following corrective action plan to address the projected \$51,028 deficit:

1. Due to vacancies in the professional services contract with the State University System, it was determined that the County would only be billed \$183,000, which is \$17,000 less than the \$200,000 contract. A contract addendum will be submitted to reflect the \$17,000 savings. The \$17,000 will be used to offset the UW-Extension's deficit.
2. The State University System will provide \$10,000 in program support, which will free up County funds to help address the deficit. It is recommended that the Department of Administration be given authority to recognize the \$10,000 from the University and allocate the funds to the proper objects in the UW-Extension budget.
3. It is recommended that the remaining \$24,028 deficit be funded from the Appropriation for Contingencies and that the Department of Administration be given authority to process the fund transfer.
4. The UW-Extension will aggressively pursue ways to generate \$11,000 in revenue to meet the UW-Extension revenue budget.

## SCHEDULED ITEMS (CONTINUED):

Discussion ensued regarding the UW-Extension's liability to pay taxes under its lease for space at the Roosevelt School in West Allis. The UW-Extension is trying to get this liability waived; however, it is a complicated issue as the landlord is a for-profit entity. Supervisor Davis asked that the UW-Extension keep the Committee apprised on the status of this issue.

02-246  
(a)(b) ***ACTION BY: (Borkowski) approve the corrective action plan as submitted by the Department of Administration. 6-0***

**AYES:** Krug, Nyklewicz, Borkowski, Schmitt, Davis & De Bruin (Chair) – 6

**NOES:** 0

**EXCUSED:** Holloway

Chairman De Bruin asked if Committee members or the UW-Extension were interested in pursuing the legal issues with the State Fair. Mr. Vasquez advised that the UW-Extension has been in communication with the Department of Administration and the County Executive's office and it feels it has arrived at an acceptable payment to State Fair Park, thereby bringing all final bills to closure with them. Therefore, the UW-Extension is not interested in pursuing the matter further. As this was acceptable to the Committee, the Chairman declared the matter closed.

5. 02-471 Resolution by Supervisors De Bruin, Krug, Quindel and Diliberti, to create the AODA Assurance Task Force to study alternatives in funding and program operations and make recommendations on a possible oversight entity for Milwaukee County's delivery of services to individuals in need of treatment for alcohol or other drugs of abuse (AODA). **(Also to Health & Human Needs Committee)**

43-B-16 Chairman De Bruin informed the Committee that the Health and Human Needs Committee, at its meeting on September 18, recommended approval of the subject resolution with an amendment adding representation from the County Executive's office and an appropriate foundation to the proposed task force.

***ACTION BY: (Krug) concur in the action of the Health and Human Needs Committee as noted above.***

Comments ensued.

Supervisor Davis indicated that he could not support the resolution at this time as he needs some clarification on how the task force is going to perform its duties.

## SCHEDULED ITEMS (CONTINUED):

### Vote to concur in the action of the Health and Human Needs Committee to approve the subject resolution as amended: 5-1

**AYES:** Krug, Nyklewicz, Borkowski, Schmitt & De Bruin (Chair) – 5

**NOES:** Davis – 1

**EXCUSED:** Holloway

6. 02-320 (a) An adopted resolution endorsing realignment of the County's health and human needs function per a recommendation issued by the Department of Audit, and authorizing and directing the Departments of Human Services, Administration, Human Resources and Audit and County Board staff, as well as any other departments that they may need to assist them, to prepare a report for the September 2002 Finance and Audit and Health and Human Needs Committees specifying how this concept should be implemented as of January 1, 2003.  
(Adopted 6/20/02)

43-B-163 **APPEARANCES:**

Paula Lucey, Acting Director, Department of Human Services  
Jerome J. Heer, Director of Audits

Ms. Lucey reviewed the report on reorganization of the Department of Human Services prepared by herself, the Fiscal and Budget Administrator, Director of Audits and County Board Director of Research, dated September 17, 2002, a copy of which is contained in the subject file.

Discussion ensued.

It was noted that the Health and Human Needs Committee, at its meeting on September 18, referred the aforesaid report to the Finance and Audit Committee for consideration during budget deliberations.

- 02-320 (a)(a) ***ACTION BY: (Nyklewicz) approve the reorganization of the Department of Human Services in concept, with the particulars to be worked out in the budget. 6-0***

**AYES:** Krug, Nyklewicz, Borkowski, Schmitt, Davis & De Bruin (Chair) – 6

**NOES:** 0

**EXCUSED:** Holloway

7. 02-185(a) From Director of Audits, regarding Follow-Up Audit of Purchasing Card Controls.

43-B-556 **APPEARANCES:**

Jerome J. Heer, Director of Audits  
Jim Goetzinger, Department of Audit

**SCHEDULED ITEMS (CONTINUED):**

Mr. Heer reviewed the follow-up status report.

02-185      ***ACTION BY: (Krug) receive and place on file with the understanding that the  
(a)(a)      Department of Audit will perform another follow-up audit of purchasing card  
transactions sometime in 2003.***

Comments followed.

**Vote to receive and place on file with the above understanding: 6-0**

**AYES:** Krug, Nyklewicz, Borkowski, Schmitt, Davis & De Bruin (Chair) – 6

**NOES:** 0

**EXCUSED:** Holloway

8.    02-481      From Director of Audits, submitting An Audit of Milwaukee County's Annual  
Performance Report, dated September 2002.

44-A-21      **APPEARANCES:**  
Jerome J. Heer, Director of Audits

Mr. Heer reviewed the subject report.

Chairman De Bruin pointed out that the report contains the following  
recommendations:

1. That the Department of Administration re-establish a regular dialogue among County departments concerning the development and continuous refinement of desired outcomes and performance measures, including the scheduling of functional group meetings.
2. That the Department of Administration establish in-house "refresher" training sessions that supplement the County's initial outcomes training and reinforce key concepts essential for successful implementation of *Charting the Course*.

Discussion ensued.

***ACTION BY: (Krug) receive and place on file and concur in the  
recommendations contained in the report as set forth above. 6-0***

**AYES:** Krug, Nyklewicz, Borkowski, Schmitt, Davis & De Bruin (Chair) – 6

**NOES:** 0

**EXCUSED:** Holloway

## SCHEDULED ITEMS (CONTINUED):

9. 02-498 From Director of Audits, recommending a contract for external audit of Milwaukee County for the period 2002 through 2006, with an option to renew in 2007.

44-A-295 **APPEARANCES:**

Jerome J. Heer, Director of Audits

Mr. Heer reviewed the subject request.

***ACTION BY: (Krug) approve.***

Questions and comments ensued.

**Vote on approval: 6-0**

***AYES:*** Krug, Nyklewicz, Borkowski, Schmitt, Davis & De Bruin (Chair) – 6

***NOES:*** 0

***EXCUSED:*** Holloway

10. 02-482 From Director of Administration, recommending adoption of USDOT 2002-2003 DBE Goals for Milwaukee County. **(Also to Transportation, Public Works & Transit Committee)**

44-A-468 **APPEARANCES:**

David Stokes, Director, Disadvantaged Business Development

***ACTION BY: (Davis) approve, as also recommended by the Transportation, Public Works and Transit Committee on September 12, 2002. 6-0***

***AYES:*** Krug, Nyklewicz, Borkowski, Schmitt, Davis & De Bruin (Chair) – 6

***NOES:*** 0

***EXCUSED:*** Holloway

**DEADLINE**

*The deadline for items for the next regular meeting (October 24, 2002) is Friday, October 11, 2002.*

***All items for the agenda must be in the Committee Clerk's possession by the end of the business day on FRIDAY, OCTOBER 11, 2002.***

**SCHEDULED ITEMS (CONTINUED):**

<p><i>ADA accommodation requests should be filed with the Milwaukee County Executive Office for Persons with Disabilities, 278-3932 (voice) or 278-3937 (TTD), upon receipt of this notice.</i></p>
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**STAFF PRESENT:**

Terry D. Kocourek, Fiscal and Budget Administrator  
Terrence D. Cooley, Assistant Fiscal and Budget Administrator  
Jerome J. Heer, Director of Audits  
Douglas Jenkins, Deputy Director of Audits  
Rob Henken, Director of County Board Research

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This meeting was recorded on tape. Committee files contain copies of communications, reports and resolutions/ordinances, which may be reviewed upon request to the Chief Committee Clerk. The official copy of these minutes is available in the County Board Committee Services Division.

Length of Meeting: 9:05 a.m. to 12:00 p.m.

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Adjourned,

*Lauri Henning*

Lauri Henning, Chief Committee Clerk  
Committee on Finance and Audit

Chairperson: Supervisor Richard D. Nyklewicz, Jr.

Clerk: Lauri Henning, 278-4227

Research Analyst: Rob Henken, 278-4826

## COMMITTEE ON FINANCE AND AUDIT

Thursday, October 24, 2002 - 9:00 A.M.

Milwaukee County Courthouse - Room 201-B

### MINUTES

CASSETTE #44: Side B, #3-END

CASSETTE #45: Side A, #1-END; Side B, #1-#580

PRESENT: Supervisors McCue, Coggs-Jones, Quindel, Mayo, Schmitt, Davis & Nyklewicz (Chair)

### SCHEDULED ITEMS:

1. 02-552 From Fiscal and Budget Administrator, submitting initial authorizing resolution for issuance and sale of Airport Revenue Bonds, Series 2003A, in an amount not to exceed \$8,000,000.

44-B-25 **APPEARANCE:** Pamela Bryant, Capital Finance Manager

**ACTION BY:** (Mayo) approve. 7-0

**AYES:** McCue, Coggs-Jones, Quindel, Mayo, Schmitt, Davis & Nyklewicz  
(Chair)-7

**NOES:** 0

2. 02-1 Fund Transfers.  
**A1)-A7) – Departmental-Receipt of Revenue**  
**B1) – Unallocated Contingent Fund**  
**C1)-C4) – Capital Improvement**  
**D1)-D4) – Departmental**  
**E1) – Departmental-Other Charges**

44-B-72 For the benefit of the new Committee members, Mr. Kocourek explained fund transfers and the fund transfer process.

**APPEARANCE:** Janice Dunn, Election Commission

Questions ensued regarding the fund transfer (B1) for the Election Commission. Ms. Dunn explained that the requested funds are needed to pay for actual costs associated with the primary and general recall elections, which were not budgeted. A previous fund transfer was based on cost estimates, and the request



**SCHEDULED ITEMS (CONTINUED):**

for additional funds reflects actual expenditures. The total cost for the 2002 recall elections is \$855,232.

***ACTION BY: (Mayo) approve the fund transfers as set forth above. 7-0***

**AYES:** McCue, Coggs-Jones, Quindel, Mayo, Schmitt, Davis & Nyklewicz  
(Chair)-7

**NOES:** 0

3. 02-16 From Fiscal and Budget Administrator, regarding countywide fiscal status.

44-B-357 **APPEARANCE:** Scott Manske, Controller

02-16 Mr. Kocourek advised that Milwaukee County is projecting a surplus of \$1.63  
(a)(a) million for the year ending December 31, 2002, based upon departmental projections and assumptions as outlined in the subject report.

Discussion ensued.

***ACTION BY: (Schmitt) receive and place on file. 7-0***

**AYES:** McCue, Coggs-Jones, Quindel, Mayo, Schmitt, Davis & Nyklewicz  
(Chair)-7

**NOES:** 0

4. 02-523 Resolution by Supervisor Mayo, to "unfreeze" the \$150,000 in the Economic Development Reserve Fund and the \$200,000 "frozen" in the Brownfield Redevelopment Capital Account. **(Also to Economic and Community Development Committee)**

44-B-622 Questions and comments ensued.

***ACTION BY: (Schmitt) approve the subject resolution, as also recommended by the Economic and Community Development on October 21, 2002. 7-0***

**AYES:** McCue, Coggs-Jones, Quindel, Mayo, Schmitt, Davis & Nyklewicz  
(Chair)-7

**NOES:** 0

5. 02-551 From Director of Audits, submitting An Audit of Internal Controls, Milwaukee County Register of Deeds Vital Statistics/ID Division, dated October 2002.  
(COPIES PROVIDED DIRECTLY BY AUDIT DEPARTMENT)

## SCHEDULED ITEMS (CONTINUED):

44-B-667    **APPEARANCES:** Douglas Jenkins, Deputy Director of Audits  
Ignatius Niemczyk, Register of Deeds

Mr. Jenkins reviewed the Audit findings and recommendations.

A lengthy discussion ensued.

***ACTION BY: (Mayo) receive and place on file, with the understanding that the Audit Department will submit a six-month status report. 7-0***

**AYES:** McCue, Coggs-Jones, Quindel, Mayo, Schmitt, Davis & Nyklewicz  
(Chair)-7

**NOES:** 0

6.    02-514    From Director, Department of Administration, requesting approval of a Joint Spending Plan with the City of Milwaukee for 2002 Local Law Enforcement Block Grant expenditures. **(Also to Judiciary, Safety and General Services Committee)**

45-A-264    **APPEARANCE:** Molly Pahl, Department of Administration

***ACTION BY: (Mayo) approve the subject request, as also recommended by the Judiciary, Safety and General Services Committee on October 17, 2002. 7-0***

**AYES:** McCue, Coggs-Jones, Quindel, Mayo, Schmitt, Davis & Nyklewicz  
(Chair)-7

**NOES:** 0

7.    02-554    From Acting Director, Department of Human Services, requesting authorization to apply for, accept and administer the 2003 State Block Grant for the purchase of health care services for qualified medically indigent individuals in an amount up to \$16.6 million. **(Also to Health and Human Needs Committee)**

8.    02-553    From Acting Director, Department of Human Services, requesting authorization to execute contracts between the Division of County Health Related Programs, General Assistance Medical Program (GAMP), and the Greenfield Medical Clinic, the Medpoint Family Care Clinic and Clinica Latina for the provision of primary care services to GAMP recipients for the period November 1, 2002 through December 31, 2003. **(Also to Health and Human Needs Committee)**

45-A-274    **ITEMS 7 AND 8 WERE CONSIDERED TOGETHER.**

**APPEARANCE:** Joseph Cooper, Accounting Manager  
County Health Related Programs

**SCHEDULED ITEMS (CONTINUED):**

***ACTION BY: (Coggs-Jones) approve the subject requests, as also recommended by the Health and Human Needs Committee on October 23, 2002. 7-0***

**AYES:** McCue, Coggs-Jones, Quindel, Mayo, Schmitt, Davis & Nyklewicz  
(Chair)-7

**NOES:** 0

9. 02-555 From Acting Director, Department of Human Services, notifying of a change in cost allocation plans for W-2 agencies; requesting authorization to execute agreements with W-2 agencies containing rent payments from the County; notifying of the intent to relocate staff from W-2 agencies and 12<sup>th</sup> and Vliet to other DHS space; and notifying of an emergency purchase request pertaining to the relocation of DHS staff from a W-2 agency. **(Also to Health and Human Needs Committee)**

45-A-589 **APPEARANCE:** Joseph Cooper, Accounting Manager  
County Health Related Programs  
Chuck Brotz, Budget Manager, DHS

Supervisor Coggs-Jones informed the Committee that the Health and Human Needs Committee at its meeting yesterday took the following actions:  
(1) authorized and directed the Department of Administration to immediately process a fund transfer request submitted by the Department of Human Services that will reallocate funds within the Department to meet the immediate demands for equipment purchases to accommodate the movement of County staff from the YWCA Call Change Center to an alternative location; and (2) authorized and directed the Department of Human Services to continue to pursue reimbursement from the State of Wisconsin for costs associated with the Call Change Center move. The Committee did not act on the other elements contained in the subject report.

***ACTION BY: (Coggs-Jones) concur in the action of the Health and Human Needs Committee, on October 24, 2002, as set forth above.***

Discussion ensued.

**Vote to concur in the above action of the Health and Human Needs Committee:**  
**7-0**

**AYES:** McCue, Coggs-Jones, Quindel, Mayo, Schmitt, Davis & Nyklewicz  
(Chair)-7

**NOES:** 0

**SCHEDULED ITEMS (CONTINUED):**

10. 02-540 From Risk Manager, requesting authorization to enter into an insurance purchase agreement with Cincinnati Insurance Co. for energy systems insurance, at a cost of \$38,400.

11. 02-538 From Risk Manager, requesting authorization to enter into an insurance purchase agreement with ACE USA for airport liability insurance, helicopter liability and hull insurance, at a cost of \$583,241.

45-B-1 **ITEMS 10 AND 11 WERE CONSIDERED TOGETHER.**

**APPEARANCE:** Judy Litscher, Assistant Risk Manager

**ACTION BY:** *(Mayo) approve the subject requests. 7-0*

**AYES:** McCue, Coggs-Jones, Quindel, Mayo, Schmitt, Davis & Nyklewicz  
(Chair)-7

**NOES:** 0

12. 02-539 From Risk Manager, requesting authorization to enter into an insurance purchase agreement with Wisconsin County Mutual for public entity liability insurance, at a cost of \$1,547,583.

45-B-29 **APPEARANCE:** Judy Litscher, Assistant Risk Manager  
Mary Multlauf, NAMWOLF (National Association of  
Minority and Women Owned Law Firms)  
John Dirksee, WCMIC

Supervisor Coggs-Jones submitted the following amendment:

1. Modify the "BE IT RESOLVED" clause as follows:

BE IT RESOLVED, that the Risk Management Division is authorized to enter into a one-year renewal agreement with the Wisconsin County Mutual Insurance Corporation and the Risk Manager is authorized and directed to execute the policy after approval by the Corporation Counsel and after the insertion of contractual language specifying that the Wisconsin County Mutual Insurance Corporation shall seek minority and women-owned law firms for its approved list of outside counsel with respect to claims it handles for Milwaukee County and shall interview any such firms that contact the Corporation for inclusion on that list; and

## SCHEDULED ITEMS (CONTINUED):

2. Add the following as the first "BE IT FURTHER RESOLVED" clause:

BE IT FURTHER RESOLVED, that the Risk Manager shall submit a report to the Committee on Finance and Audit by June 1, 2003, describing the Wisconsin County Mutual Insurance Corporation's efforts and success in adding minority and women-owned law firms to its approved list of outside counsel with respect to claims it handles for Milwaukee County; and

Ms. Multlauf expressed support for the amendment. Mr. Dirksee conveyed WCMIC's commitment to expanding the approved lists of attorneys to include minorities and DBE's, including women business enterprises.

***ACTION BY: (Coggs-Jones) approve her amendment as set forth above. 7-0***

***AYES:*** McCue, Coggs-Jones, Quindel, Mayo, Schmitt, Davis & Nyklewicz  
(Chair)-7

***NOES:*** 0

***ACTION BY: (Coggs-Jones) approve the subject request as amended. 7-0***

***AYES:*** McCue, Coggs-Jones, Quindel, Mayo, Schmitt, Davis & Nyklewicz  
(Chair)-7

***NOES:*** 0

13. 02-561 From Acting Director of Economic Development, requesting authorization to enter into a marketing/management agreement with AAT Communications Corporation to develop and maintain wireless communication facilities (cell tower sites) on County-owned sites.

45-B-124 ***APPEARANCES:*** William Hatcher, Acting Director of Economic Development  
Supervisor Robert Krug, 9<sup>th</sup> District

A very lengthy discussion ensued. Set forth below are the actions taken by the Committee.

***ACTION BY: (Davis) refer to the Parks, Energy and Environment Committee. (WITHDRAWN)***

***ACTION BY: (Coggs-Jones) lay over. 2-5 (FAILED)***

***AYES:*** Coggs-Jones & Davis – 2

***NOES:*** McCue, Quindel, Mayo, Schmitt & Nyklewicz (Chair) – 5

**SCHEDULED ITEMS (CONTINUED):**

***ACTION BY: (Mayo) amend by deleting Sherman Park from the list on Attachment A to the Contract, Tabulation of Pre-approved County Owned Potential WCF Sites. 6-1***

***AYES:*** Coggs-Jones, Quindel, Mayo, Schmitt, Davis & Nyklewicz (Chair) – 6

***NOES:*** McCue – 1

***ACTION BY: (McCue) amend to state “maximum” height instead of “possible” height on Exhibit A to the Contract, Tabulation of Pre-approved County Owned Potential WCF Sites. 7-0***

***AYES:*** McCue, Coggs-Jones, Quindel, Mayo, Schmitt, Davis & Nyklewicz (Chair)-7

***NOES:*** 0

***ACTION BY: (Schmitt) approve the subject request as amended. 4-3***

***AYES:*** McCue, Quindel, Schmitt & Nyklewicz (Chair) – 4

***NOES:*** Coggs-Jones, Mayo & Davis - 3

**Addendum Item**

14. 02-541 Resolution by Supervisor Holloway, authorizing and directing the Director of the Department of Administrative Services and the Director of Public Works to begin negotiations with the City of Wauwatosa for the City of Wauwatosa to assume responsibility for municipal and support services currently provided by Milwaukee County on the County Grounds.

45-A-302 ***APPEARANCES:*** Supervisor Lee Holloway, County Board Chairman  
Tom Wontorek, Administrator, City of Wauwatosa

Chairman Holloway commented on his resolution.

Mr. Wontorek expressed support of the proposed measure.

A lengthy discussion ensued.

***ACTION BY: (Coggs-Jones) approve the resolution with the addition of the Office of Corporation Counsel as part of the negotiating team.***

***ACTION BY: (Quindel) amend the resolution to provide for the report back to be in April 2003 instead of June 2003.***

**SCHEDULED ITEMS (CONTINUED):**

**Vote on approval of amendment to add the Office of Corporation Counsel to the negotiating team: 7-0**

**AYES:** McCue, Coggs-Jones, Quindel, Mayo, Schmitt, Davis & Nyklewicz  
(Chair)-7

**NOES:** 0

**Vote on approval of amendment to change the report back to April 2003 rather than June 2003: 7-0**

**AYES:** McCue, Coggs-Jones, Quindel, Mayo, Schmitt, Davis & Nyklewicz  
(Chair)-7

**NOES:** 0

**Vote on approval of the resolution as amended: 7-0**

**AYES:** McCue, Coggs-Jones, Quindel, Mayo, Schmitt, Davis & Nyklewicz  
(Chair)-7

**NOES:** 0

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**STAFF PRESENT:**

Terry D. Kocourek, Fiscal and Budget Administrator  
Douglas Jenkins, Deputy Director of Audits  
Rob Henken, Director of County Board Research

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This meeting was recorded on tape. The foregoing items were not necessarily considered in agenda order. Committee files contain copies of communications, reports and resolutions/ordinances, which may be reviewed upon request to the Chief Committee Clerk. The official copy of these minutes is available in the County Board Committee Services Division.

Length of Meeting: 9:05 a.m. to 12:00 p.m.

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Adjourned,

*Lauri Henning*

Lauri Henning, Chief Committee Clerk  
Committee on Finance and Audit

Chairperson: Supervisor Richard D. Nyklewicz, Jr.

Clerk: Lauri Henning, 278-4227

Research Analyst: Rob Henken, 278-4826

## COMMITTEE ON FINANCE AND AUDIT

**Friday, December 6, 2002 - 9:00 A.M.**

**(Note change in meeting date)**

**Milwaukee County Courthouse – Room 201-B**

### MINUTES

CASSETTE #46: Side A, #4-END; Side B, #1-END

CASSETTE #47: Side A, #1-END; Side B, #1-#640

PRESENT: Supervisors McCue, Coggs-Jones, Quindel, Mayo, Schmitt, Davis & Nyklewicz (Chair)

### **SCHEDULED ITEMS:**

#### **\*\* PUBLIC HEARING \*\***

1. 02-601 To consider issuance of general obligation refunding funds in a principal amount not to exceed \$3,850,000 for the purpose of refunding certain maturities of the 1997 through 2002 corporate purpose bond issues.
- 46-A-28 The Clerk read a public hearing statement provided by the Department of Administrative Services, a copy of which is contained in the subject file.

**No one appeared.**

\*\*\*\*\*

2. 02-601 From Fiscal and Budget Administrator, submitting initial authorizing resolution for issuance and sale of General Obligation Corporate Purpose Refunding Bonds, Series 2003A, in an amount not to exceed \$115,000,000.
- 46-A-73 **APPEARANCES:**  
Pamela Bryant, Capital Finance Manager  
Brian Lanser, Quarles and Brady LLP (Bond Counsel)  
Karma Rodgers, Butler Rodgers and Johnson (Bond Counsel)  
Keith Cole, Robert W. Baird (Financial Advisor)



## SCHEDULED ITEMS (CONTINUED):

Ms. Bryant explained the report and recommendation. She noted that this is a potential refunding and will only occur if conditions are favorable. The County's goal is to achieve a net present value savings of at least 3 percent. The actions authorized in the resolution attached to the subject report will enable the County to act expeditiously if such savings can be obtained.

Chairman Nyklewicz pointed out that the above parameter is not currently being met, so at this point in time no refunding activities would take place.

Questions and comments ensued.

***ACTION BY: (Mayo) approve. 7-0***

***AYES:*** McCue, Coggs-Jones, Quindel, Mayo, Schmitt, Davis & Nyklewicz (Chair) – 7

***NOES:*** 0

3. 02-600 From Fiscal and Budget Administrator, submitting initial authorizing resolutions for issuance and sale of General Obligation Corporate Purpose Bonds, Series 2003A, in an amount not to exceed \$25,950,000.

46-A-555 **APPEARANCES:**  
Pamela Bryant, Capital Finance Manager  
Brian Lanser, Quarles and Brady LLP (Bond Counsel)  
Karma Rodgers, Butler Rodgers and Johnson (Bond Counsel)  
Keith Cole, Robert W. Baird (Financial Advisor)

***ACTION BY: (Mayo) approve. 7-0***

***AYES:*** McCue, Coggs-Jones, Quindel, Mayo, Schmitt, Davis & Nyklewicz (Chair) – 7

***NOES:*** 0

4. 02-1 Fund Transfers.  
**A1)-A8) – Departmental-Receipt of Revenue**  
**B1) – Unallocated Contingent Fund**  
**C1) – Capital Improvement**  
**D1)-D2) – Departmental-Capital Outlay**  
**E1) – Departmental**

46-A-582 **APPEARANCE:**  
Chuck Brotz, Budger Manager, Department of Human Services

**SCHEDULED ITEMS (CONTINUED):**

Discussion ensued on fund transfer D2) relating to the Food Stamp Program's error rate.

***ACTION BY: (Coggs-Jones) approve all of the fund transfers.***

Supervisor Davis requested separate action on fund transfer D1).

**Vote on approval of the fund transfers, exclusive of D1): 7-0**

**AYES:** McCue, Coggs-Jones, Quindel, Mayo, Schmitt, Davis & Nyklewicz (Chair) – 7

**NOES:** 0

**D1):**

**APPEARANCE:**

Jon Priebe, Public Safety Fiscal Administrator

Questions and comments ensued. Mr. Priebe was asked to provide Supervisors Davis and Mayo with further information regarding this fund transfer.

**Vote on approval of D1): 7-0**

**AYES:** McCue, Coggs-Jones, Quindel, Mayo, Schmitt, Davis & Nyklewicz (Chair) – 7

**NOES:** 0

5. 02-522 From the Wisconsin Legislative Audit Bureau (LAB), submitting a copy of the Audit Summary of Milwaukee County Government, dated September 2002. (COPY PREVIOUSLY PROVIDED) **(PRESENTATION BY LAB)**

46-A-712 **APPEARANCES:**

Janice Mueller, State Auditor, LAB  
Don Bezruki, Program Evaluation Director, LAB  
James E. Zylstra, Senior Legislative Analyst, LAB  
Jerome J. Heer, Director of Audits

Led by Ms. Mueller, the above listed representatives from the LAB gave a power point presentation on the LAB's Audit Summary of Milwaukee County Government. A copy of the presentation outline has been made a part of the subject file.

## SCHEDULED ITEMS (CONTINUED):

Upon completion of the presentation, questions, comments and discussion ensued.

***ACTION BY: (Mayo) lay over the LAB report and refer it to Audit and County Board staff for appropriate follow-up and implementation, as suggested by Chairman Nyklewicz. 7-0***

***AYES:*** McCue, Coggs-Jones, Quindel, Mayo, Schmitt, Davis & Nyklewicz (Chair) – 7

***NOES:*** 0

6. 02-570 From the District Attorney, requesting authorization to increase a Half-Time Paralegal position for child support prosecutions to a Full-Time position, effective January 5, 2003.

47-A-284 ***APPEARANCES:***  
Jim Martin, Deputy District Attorney

***ACTION BY: (Mayo) approve. 7-0***

***AYES:*** McCue, Coggs-Jones, Quindel, Mayo, Schmitt, Davis & Nyklewicz (Chair) – 7

***NOES:*** 0

7. 02-541 Report, referred back 11/4/02, recommending adoption of an amended resolution authorizing and directing the Director of the Department of Administrative Services, the Director of Public Works and the Office of Corporation Counsel to begin negotiations with the City of Wauwatosa to assume responsibility for municipal and support services currently provided by Milwaukee County on the County Grounds and present a recommended negotiated plan to implement transfer of responsibilities and/or assets as part of the City and County 2004 Budgets in April 2003. **Also referred – an Amendment by Supervisor De Bruin.**

47-A-292 ***ACTION BY: (Schmitt) amend the resolution by deleting the 4<sup>th</sup>, 5<sup>th</sup> and 8<sup>th</sup> WHEREAS clauses as set forth below:***  
***(4<sup>th</sup>) WHEREAS, the County Executive's 2003 Recommended Budget for the Sheriff's Department called for elimination of sector and parking patrol effective January 1, 2003, thereby placing the responsibility for these police services on the City of Wauwatosa; and***  
***(5<sup>th</sup>) WHEREAS, representatives of the City of Wauwatosa testified at the Finance and Audit Committee budget hearing on this matter that the City was not in a position to assume this burden under such short notice; and***

**SCHEDULED ITEMS (CONTINUED):**

***(8<sup>th</sup>) WHEREAS, in recognition of the transfer of policing responsibility would place on the City of Wauwatosa, the Finance and Audit Committee has recommended providing funding for six months of continued police patrolling by the Sheriff's Department; and  
(7-0)***

**AYES:** McCue, Coggs-Jones, Quindel, Mayo, Schmitt, Davis & Nyklewicz (Chair) – 7

**NOES:** 0

**ACTION BY: (Schmitt) approve the resolution as amended. 7-0**

**AYES:** McCue, Coggs-Jones, Quindel, Mayo, Schmitt, Davis & Nyklewicz (Chair) – 7

**NOES:** 0

8. 02-572 Resolution by Supervisors T. Johnson, Agnos, McCue and Broderick, authorizing and directing the County Board Research Division to conduct an analysis of potential alternative means of conducting votes of the Board of Supervisors.

47-A-395 **APPEARANCES:**  
Supervisor Tim Johnson, 15<sup>th</sup> District  
Supervisor Gerry Broderick, 3<sup>rd</sup> District

**ACTION BY: (Quindel) approve.**

Supervisor Johnson advised that Supervisors Quindel, Cesarz and Endries should be added as co-sponsors of the resolution. He proceeded to comment on the proposed resolution as did Supervisor Broderick.

Discussion ensued.

**Vote on approval of the resolution by Supervisors T. Johnson, Agnos, McCue, Broderick, Quindel, Cesarz and Endries: 5-2**

**AYES:** McCue, Coggs-Jones, Quindel, Schmitt & Nyklewicz (Chair) – 5

**NOES:** Mayo & Davis – 2

9. 02-573 Resolution by Supervisor Zielinski, authorizing the Director, Department of Administrative Services, to immediately explore expanded use of the tax refund intercept program in areas of County government not currently benefiting from this activity, including possible use of an outside consultant to assist the County in its tax refund intercept efforts, and to initiate such a program if, in her judgment, it will produce significant additional revenue for Milwaukee County.

## SCHEDULED ITEMS (CONTINUED):

### 47-A-571 **APPEARANCES:**

Supervisor T. Anthony Zielinski, 12<sup>th</sup> District  
Sean Sander, Business Services and Collections Manager, Waukesha County  
Jerome J. Heer, Director of Audits  
Linda Seemeyer, Director, Department of Administrative Services  
Steve Mokrohisky, County Executive's Office  
Scott Snyder, PVA

Supervisor Zielinski commented on his resolution and expressed his hope that the Committee would support the resolution as drafted after hearing testimony on the item. However, he stated that if the Committee was not supportive of the resolution as drafted, he would submit the following amendment for the Committee's consideration:

#### 1. MODIFY the BE IT RESOLVED clause as follows:

BE IT RESOLVED, that the Director, Department of Administrative Services, is hereby authorized and directed to immediately explore expanded use of the tax refund intercept program in areas of County government not currently benefiting from this activity, including possible use of an outside consultant to assist the County in its tax refund intercept efforts, ~~and to initiate such a program if, in her judgment, it will produce significant additional revenue for Milwaukee County;~~ and

#### 2. DELETE the BE IT FURTHER RESOLVED clause and replace it with the following BE IT FURTHER RESOLVED clause:

~~BE IT FURTHER RESOLVED, that in light of the need to implement expanded use of this program by early 2003 in order to take advantage of the tax refund season, the Director, DAS, is hereby authorized to execute a contract with an outside consultant (on a sole source basis if necessary) to assist the County in its expanded tax refund intercept efforts in areas not currently benefiting from this activity, provided that such contract is structured on an incentive basis that allows the consultant to retain a percentage of amounts collected but does not require an outlay of County funds, and provided that the contract is reviewed by Corporation Counsel, Risk Management and all other appropriate entities.—~~

BE IT FURTHER RESOLVED, that prior to implementing an expanded tax refund intercept program and/or executing a new contract with a private consultant to assist the County in its tax refund intercept efforts, the Director of Administrative Services shall receive approval from the Committee on Finance and Audit and the full County Board.

## SCHEDULED ITEMS (CONTINUED):

Mr. Sander informed the Committee of the advantages and benefits of a tax refund intercept program and commented on the success of Waukesha County's program since contracting with PVA, a private consultant.

Ms. Seemeyer indicated that, given the experience of Waukesha County in this area, this is something that is worth pursuing. She noted that the terms of any agreement would be negotiable. While it would be more advantageous to authorize her to enter into an agreement, she stated that she understands why the Committee would want her to come back with a recommendation for Committee and County Board approval.

Mr. Mokrohisky appeared in support of the subject resolution and pointed out the need to act quickly to implement a tax refund intercept program in order to maximize collections in 2003.

Further questions, comments and discussion ensued.

***ACTION BY: (Quindel) approve the amendment by Supervisor Zielinski as set forth above. 7-0***

**AYES:** McCue, Coggs-Jones, Quindel, Mayo, Schmitt, Davis & Nyklewicz (Chair) – 7

**NOES:** 0

***ACTION BY: (Quindel) approve the resolution as amended. 7-0***

**AYES:** McCue, Coggs-Jones, Quindel, Mayo, Schmitt, Davis & Nyklewicz (Chair) – 7

**NOES:** 0

10. 02-571 Resolution by Supervisor Endries to authorize and direct the Director, Department of Audit, to conduct a performance audit on the Parks Department's golf course concessions operations and to make recommendations to improve management, generate greater revenue and reduce expenditures. **(Also to Parks, Energy and Environment Committee)**

47-B-398 **APPEARANCES:**  
Supervisor Bud Endries, 19<sup>th</sup> District  
Sue Baldwin, Director of Parks, Recreation and Culture  
Jerome J. Heer, Director of Audits

***ACTION BY: (Mayo) approve the subject resolution.***

## SCHEDULED ITEMS (CONTINUED):

Supervisor McCue wondered if the performance audit should be conducted for all Parks concessions operations rather than just golf course concessions.

Ms. Baldwin replied that she would welcome a comprehensive audit of the Department's concession operations as it has been a few years since this area has been reviewed.

In response to a query by Chairman Nyklewicz, Mr. Heer indicated that the Audit Department would be able to perform such a review.

Supervisor Endries was supportive of amending his resolution as suggested above.

***ACTION BY: (Mayo) amend the resolution in the RESOLVED clause as follows: "BE IT RESOLVED, that the County Board of Supervisors does hereby authorize and direct the Director, Department of Audit, to conduct a performance audit on the Parks Department's ~~golf course~~ concessions operations and to make recommendations to improve management, generate greater revenue and reduce expenditures." 7-0***

**AYES:** McCue, Coggs-Jones, Quindel, Mayo, Schmitt, Davis & Nyklewicz (Chair) – 7

**NOES:** 0

### **Vote on approval of resolution as amended: 7-0**

**AYES:** McCue, Coggs-Jones, Quindel, Mayo, Schmitt, Davis & Nyklewicz (Chair) – 7

**NOES:** 0

11. 02-582 From Director of Parks, Recreation and Culture, requesting authorization to enter into an agreement with the Friends of Boerner Botanical Gardens to operate the new Education and Visitors Center for one year. **(Also to Parks, Energy and Environment Committee)**

47-B-454 **APPEARANCES:**

Jerome J. Heer, Director of Audits

Sharon Malenda, Executive Director, Friends of Boerner Botanical Gardens

***ACTION BY: (Mayo) approve.***

Comments ensued.

**SCHEDULED ITEMS (CONTINUED):**

**Vote on approval: 7-0**

**AYES:** McCue, Coggs-Jones, Quindel, Mayo, Schmitt, Davis &  
Nyklewicz (Chair) – 7

**NOES:** 0

12. 02-327 (a) From Director of Audits, submitting a follow-up report to the Audit Review of Wauwatosa School District's Reimbursement of Operating Costs of the Milwaukee County Department of Human Services (MCDHS) Schools for the 2000-2001 School Year. **(INFORMATIONAL) (NO ACTION NECESSARY)** *(NOTE: Audit Review was received and placed on file by the County Board on 6/20/02.)*

47-B-490 **APPEARANCE:**  
Jerome J. Heer, Director of Audits

Comments ensued. Mr. Heer advised that the Audit Department will continue to monitor the situation of the contract between Milwaukee County and the Wauwatosa School District.

***The Committee took no action regarding this informational report.***

13. 02-73 (a)(a) From Director of Audits, recommending revisions to the Milwaukee County Ethics Code. **(Also to Judiciary, Safety and General Services Committee)**

47-B-520 **APPEARANCE:**  
Jerome J. Heer, Director of Audits

***ACTION BY: (Coggs-Jones) concur in the action of the Judiciary, Safety and General Services Committee, on December 5, 2002, to lay over this matter and refer it to the County Executive and Department of Administrative Services for review and recommendation. 7-0***

**AYES:** McCue, Coggs-Jones, Quindel, Mayo, Schmitt, Davis &  
Nyklewicz (Chair) – 7

**NOES:** 0

14. 02-384 (a) From Manager, Information Management Services Division, submitting the first of quarterly reports on the progress of the Human Resource System Management Committee. **(INFORMATIONAL) (NO ACTION NECESSARY)** *(Submitted pursuant to Resolution File No. 02-384 adopted on 7/25/02.)*



**SCHEDULED ITEMS (CONTINUED):**

- 47-B-536    **APPEARANCES:**  
Gennie Kocourek, Manager, Information Management Services Division  
Les Lucas, Information Systems Development Manager

***The Committee took no action regarding this informational report.***

15. 02-602    From Manager, Information Management Services Division, requesting authorization to use the County's Disadvantaged Business Development (DBD) certified Information Technology vendors and the State of Wisconsin's Bulletin for Information Technology Contract Services.

- 47-B-542    **APPEARANCES:**  
Gennie Kocourek, Manager, Information Management Services Division  
Les Lucas, Information Systems Development Manager

***ACTION BY: (Coggs-Jones) approve. 7-0***

***AYES:*** McCue, Coggs-Jones, Quindel, Mayo, Schmitt, Davis &  
Nyklewicz (Chair) – 7

***NOES:*** 0

16. 02-574    From Risk Manager, requesting authorization to enter into an insurance purchase agreement with ASU-Local Government Property Insurance Fund for property insurance, at a cost of \$444,284.

- 47-B-561    **APPEARANCES:**  
John Rath, Risk Manager  
Judy Litscher, Risk Management Coordinator

***ACTION BY: (Mayo) approve.***

Supervisor Davis asked Mr. Rath to provide him with further information on DBE participation as the contract develops.

**Vote on approval: 7-0**

***AYES:*** McCue, Coggs-Jones, Quindel, Mayo, Schmitt, Davis &  
Nyklewicz (Chair) – 7

***NOES:*** 0

**SCHEDULED ITEMS (CONTINUED):**

17. 02-11 & 02-155      A. From the County Treasurer, submitting monthly status report on the County's investment portfolio. **(INFORMATIONAL)** ***(Possible Action: Move to quarterly reports in the future.)***

47-B-588      **APPEARANCE:**  
Dorothy K. Dean, County Treasurer

***ACTION BY: (Coggs-Jones) move to quarterly reports. 6-1***

**AYES:** Coggs-Jones, Quindel, Mayo, Schmitt, Davis & Nyklewicz (Chair) – 6  
**NOES:** McCue – 1

***[NOTE: Pursuant to Deputy Corporation Counsel Robert Andrews, this action does not require County Board approval.]***

- 02-11      B. From the County Treasurer, submitting quarterly report on interest income earned by Trust, Agency and Bond funds. **(INFORMATIONAL) (NO ACTION NECESSARY)**

***The Committee took no action regarding this informational report.***

18. 01-685 (a)      From the Director of Audits, submitting monthly status report on Back DROP checks issued by the Employees' Retirement System. **(INFORMATIONAL)** ***(Possible Action: Move to quarterly reports in the future.)***

47-B-625      **APPEARANCE:**  
Jerome J. Heer, Director of Audits

***ACTION BY: (Mayo) move to quarterly reports. 7-0***

**AYES:** McCue, Coggs-Jones, Quindel, Mayo, Schmitt, Davis & Nyklewicz (Chair) – 7  
**NOES:** 0

***[NOTE: Pursuant to Deputy Corporation Counsel Robert Andrews, this action does not require County Board approval.]***

**SCHEDULED ITEMS (CONTINUED):**

**DEADLINE**

*The deadline for items for the next regular meeting (January 16, 2003)  
is Friday, January 3, 2003.*

***All items for the agenda must be in the Committee Clerk's  
possession by the end of the business day on  
FRIDAY, JANUARY 3, 2003.***

*ADA accommodation requests should be filed with the Milwaukee County Executive Office for Persons  
with Disabilities, 278-3932 (voice) or 278-3937 (TTD), upon receipt of this notice.*

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**STAFF PRESENT:**

Terry D. Kocourek, Fiscal and Budget Administrator  
Jerome J. Heer, Director of Audits  
Douglas Jenkins, Deputy Director of Audits  
Rob Henken, Director of County Board Research

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This meeting was recorded on tape. Committee files contain copies of communications, reports and resolutions/ordinances, which may be reviewed upon request to the Chief Committee Clerk. The official copy of these minutes is available in the County Board Committee Services Division.

Length of Meeting: 9:05 a.m. to 11:30 a.m.  
11:40 a.m. to 1:15 p.m.

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Adjourned,

*Lauri Henning*

Lauri Henning, Chief Committee Clerk  
Committee on Finance and Audit

Chairperson: Supervisor Richard D. Nyklewicz, Jr.

Clerk: Lauri Henning, 278-4227

Research Analyst: Rob Henken, 278-4826

**SPECIAL MEETING OF THE  
COMMITTEE ON FINANCE AND AUDIT**

**Thursday, December 19, 2002 - 9:00 A.M.**

**Milwaukee County Courthouse - Room 201-B**

**M I N U T E S**

CASSETTE #48

Side A, #3-#357

PRESENT: Supervisors McCue, Coggs-Jones, Quindel, Mayo, Schmitt, Davis & Nyklewicz (Chair)

**SCHEDULED ITEMS:**

**\*\* PUBLIC HEARING \*\***

1. 02-601 To consider re-issuance by the County of its general obligation bonds in an aggregate principal amount not to exceed \$1,500,000, which were used to finance a portion of the costs of the construction and equipping of an Education and Visitors Center and other improvements at the Boerner Botanical Gardens.

The Clerk read a public hearing statement provided by the Department of Administrative Services, a copy of which is contained in the subject file.

**No one appeared.**

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2. 02-601 From Fiscal and Budget Administrator, regarding recommendation of underwriter services for the General Obligation Refunding Bonds, Series 2003A.  
(b)

**APPEARANCES:**

Pamela Bryant, Capital Finance Manager

Brad Vegieux, Robert W. Baird & Co. (Financial Advisor)

Jaime Morice, Disadvantaged Business Development Division

Emery Harlan, Gonzalez, Saggio & Harlan

Brian Lanser, Quarles & Brady (Bond Counsel)

Questions and comments ensued.

**SCHEDULED ITEMS (CONTINUED):**

***ACTION BY: (Mayo) approve the recommendation of the Department of Administrative Services that Bear Stearns & Company, Inc. be retained as underwriter (senior manager) for the General Obligation Refunding Bonds, Series 2003A, and that Loop Capital Markets, LLC and Stifel, Nicolaus & Company, Inc. be retained as co-managers. 7-0***

**AYES:** McCue, Coggs-Jones, Quindel, Mayo, Schmitt, Davis &  
Nyklewicz (Chair) – 7

**NOES:** 0

*ADA accommodation requests should be filed with the Milwaukee County Executive Office for Persons with Disabilities, 278-3932 (voice) or 278-3937 (TTD), upon receipt of this notice.*

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**STAFF PRESENT:**

Pamela Bryant, Capital Finance Manager  
Rob Henken, Director of County Board Research

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This meeting was recorded on tape. Committee files contain copies of the aforesaid documents, which may be reviewed upon request to the Chief Committee Clerk. The official copy of these minutes is available in the County Board Committee Services Division.

Length of Meeting: 9:05 a.m. to 11:30 a.m.  
11:40 a.m. to 1:15 p.m.

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Adjourned,

*Lauri Henning*

Lauri Henning, Chief Committee Clerk  
Committee on Finance and Audit